BOARD MEETING OF NOVEMBER 10, 2005

Beth Anderson, Chair

C. Kent Conine, Vice-Chair

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

November 10, 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

MISSION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, 4th Floor Board Room, Austin, Texas 78701
Thursday, November 10, 2005 8:30AM

AGENDA

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

PUBLIC COMMENT

The Board of the Texas Department of Housing and Community Affairs will meet to conduct a public hearing on the State Low Income Housing Plan and Annual Report for 2006.

ADJOURN	Elizabeth Anderson Chair of Board

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.

DRAFT 2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

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2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)

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September 2005

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 with 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

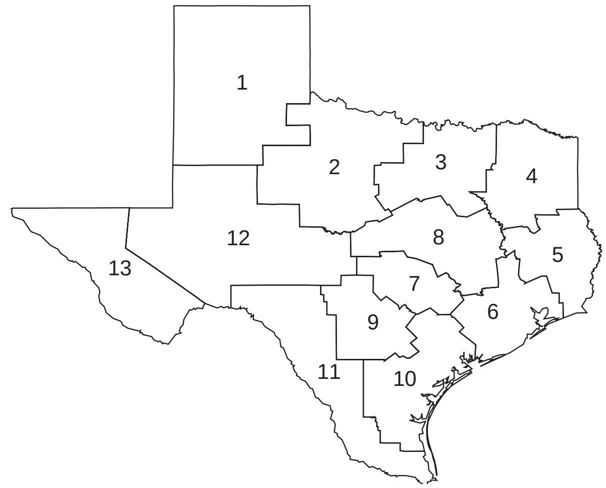


Figure 2.1 State Service Regions

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

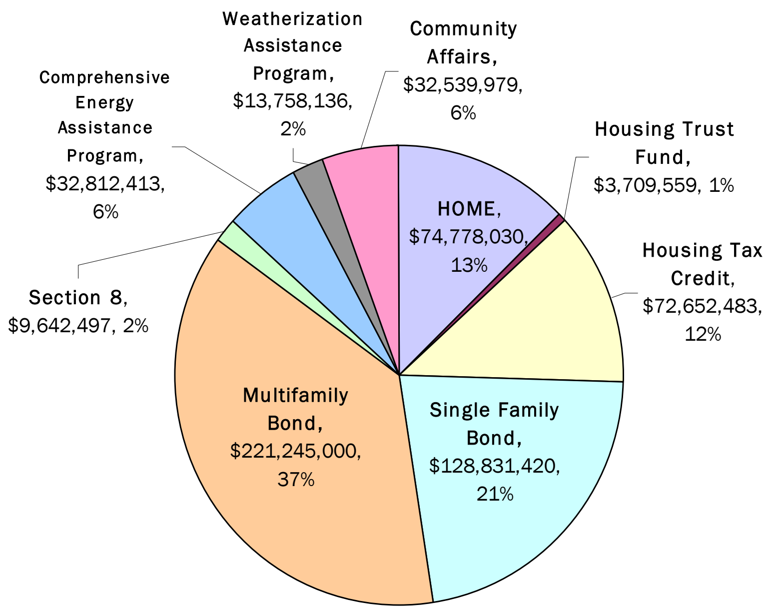


Figure 2.5 TDHCA Funding and Households/Persons Served by Activity FY 2005, All Activities

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

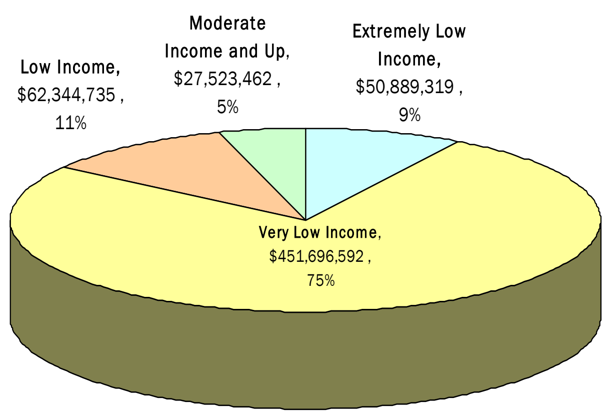


Figure 2.7: FY 2004 Total Households Served by Income Level

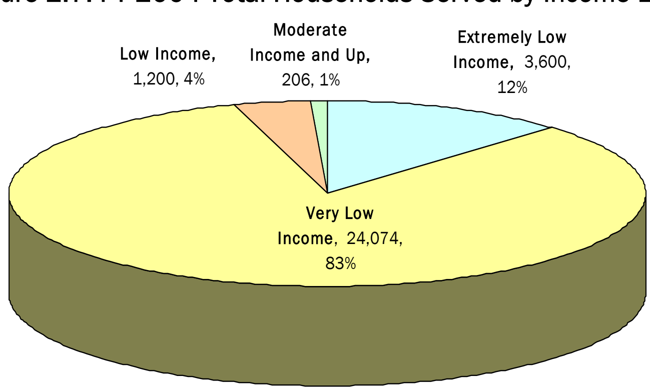


Figure 2.8: TDHCA Funding and Households/Persons Served by Income Category FY 2005

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
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.

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.

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

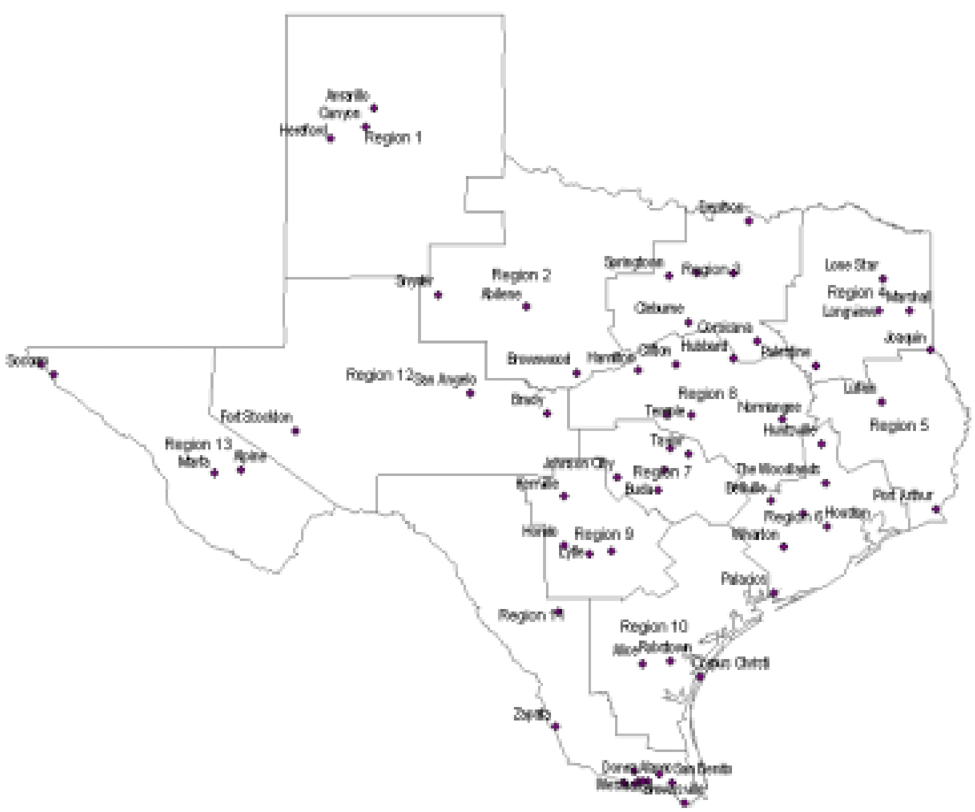
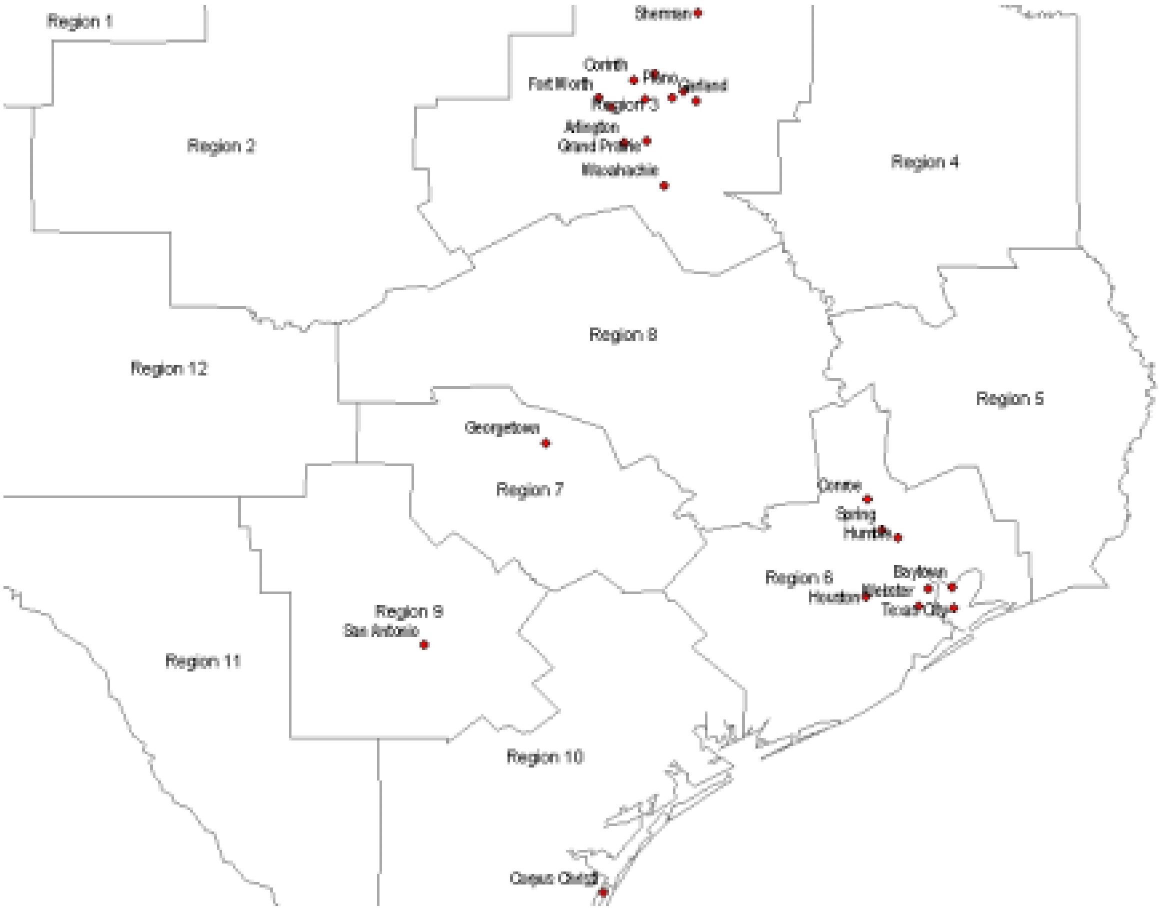


Figure 2.10 FY 2005 4% HTC Awards by Place



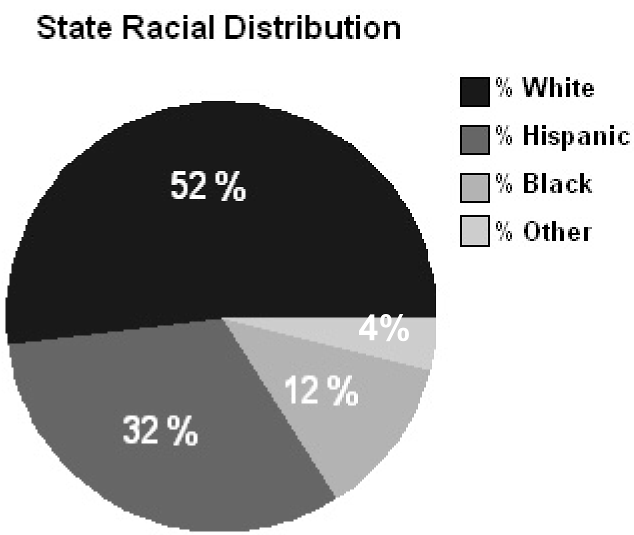
As can be seen by the differences in the distribution patterns in figures 2.9 and 2.10, the 4% credits work more effectively in larger metropolitan areas of the state. Besides one development in Georgetown (Region 7) and Corpus Christi (Region 11), the remaining 4% developments were concentrated in three 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.

Figure 2.11: State Racial Distribution



Source: 2000 Census

Figure 2.12: Total 2005 HTC Unit Distribution by Census Tract Racial Characteristics*

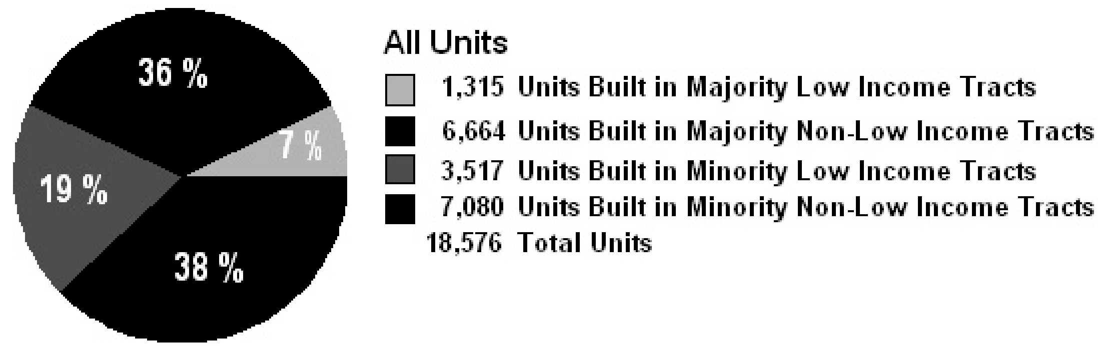


Figure 2.13 Total 2005 HTC 9% Unit Distribution by Census Tract Racial Characteristics*

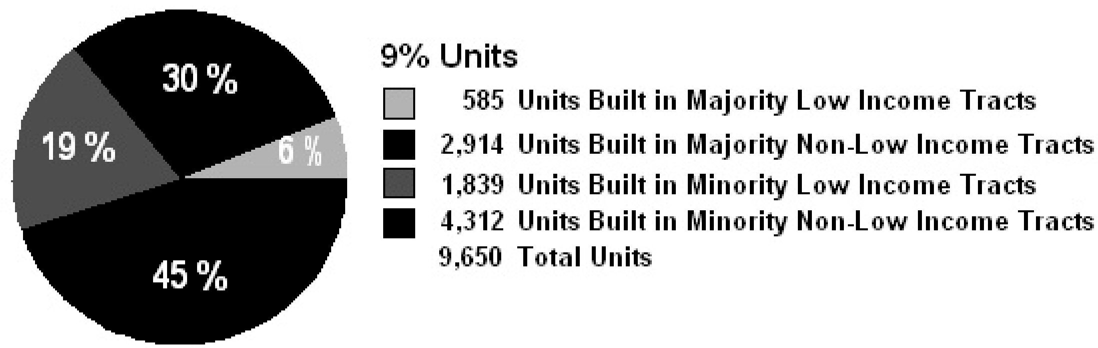
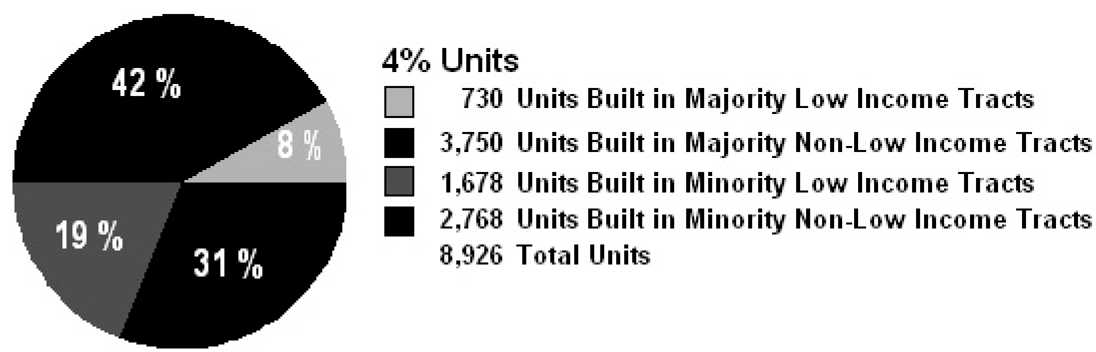


Figure 2.14 Total 2005 HTC 4% Unit Distribution by Census Tract Racial Characteristics*



*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

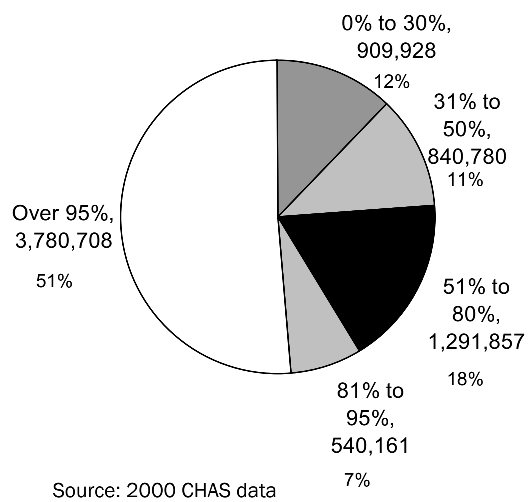
[5] Ibid.
[6] Ibid.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Ibid.

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



Source: 2000 CHAS data

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.

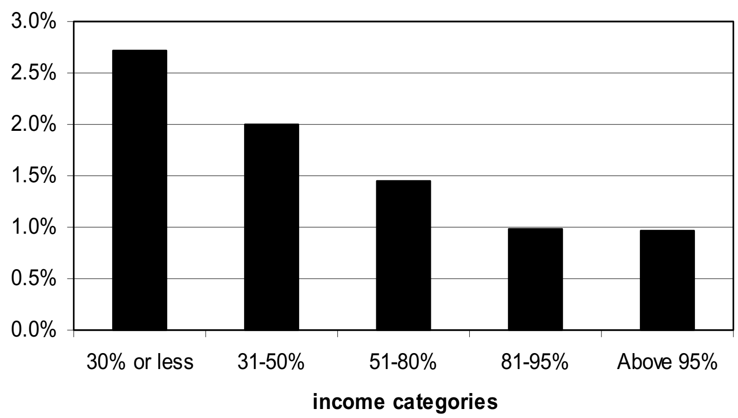
Figure 3.3: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	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.

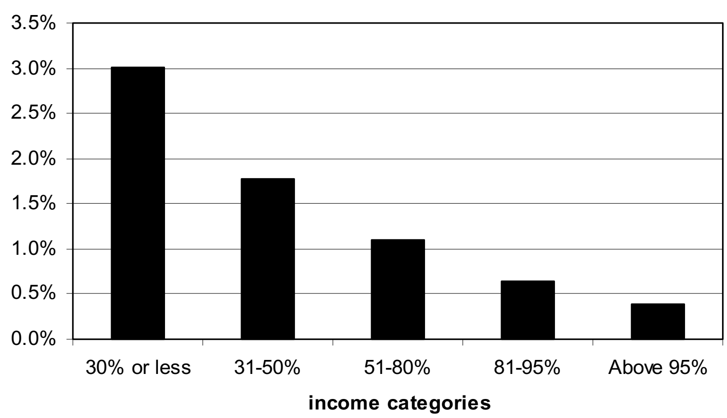
Figure 3.4: Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



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

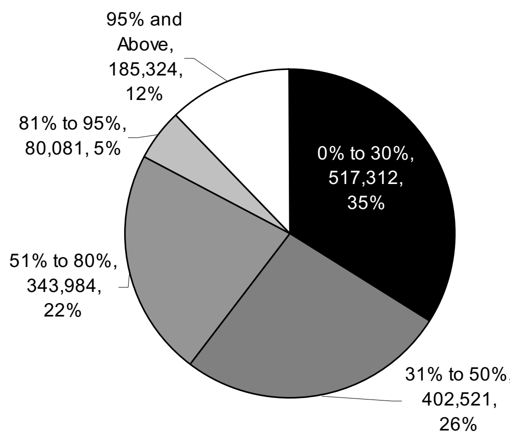


Source: 2000 CHAS data

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.

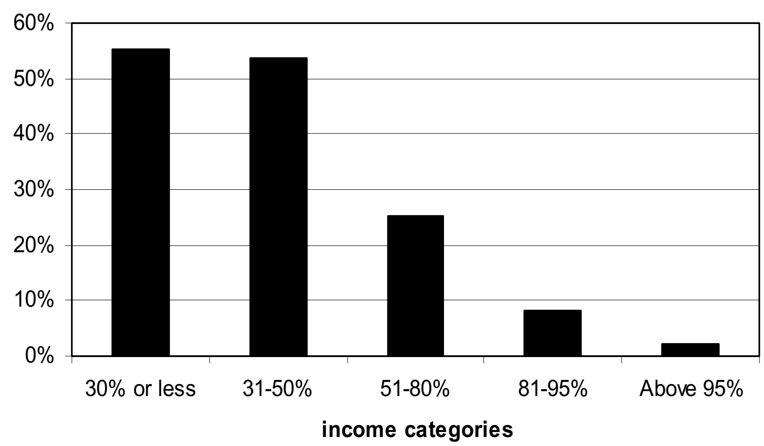
Figure 3.6: Excess Housing Cost Burden by Income Group, 2000



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.

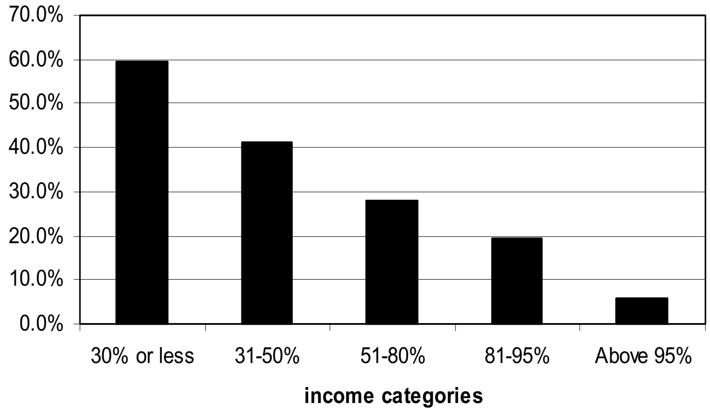
Figure 3.7: Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



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

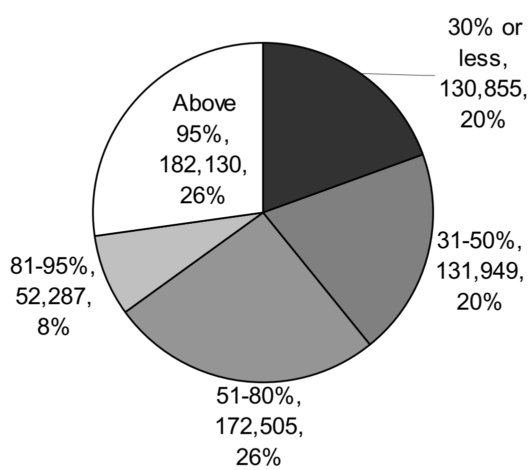


Source: 2000 CHAS data

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.

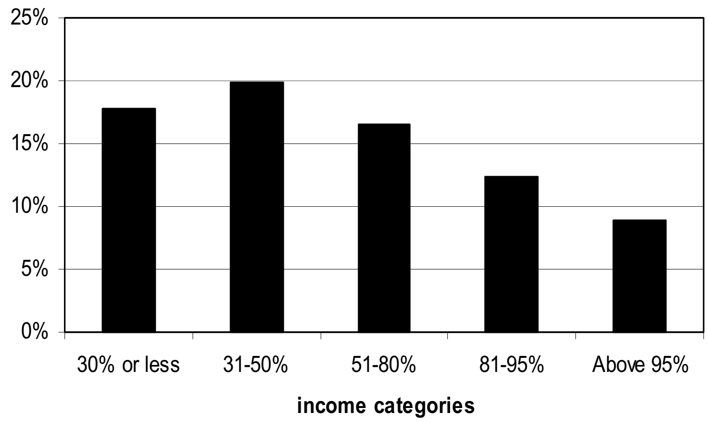
Figure 3.9: Overcrowded Households by Income Group, 2000



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.

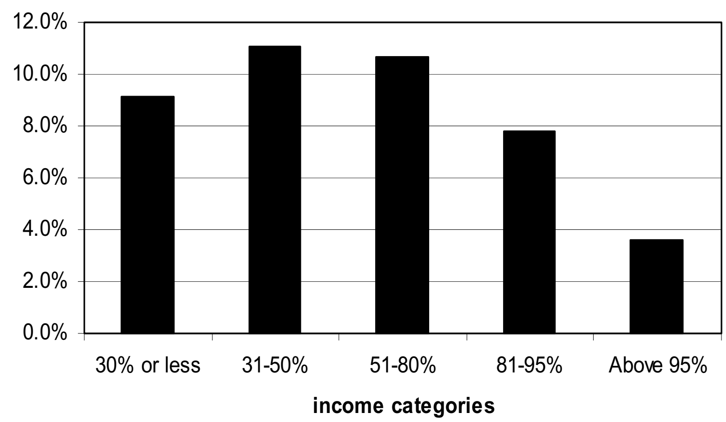
Figure 3.10: Renter Households with Incidence of Overcrowding by percent



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

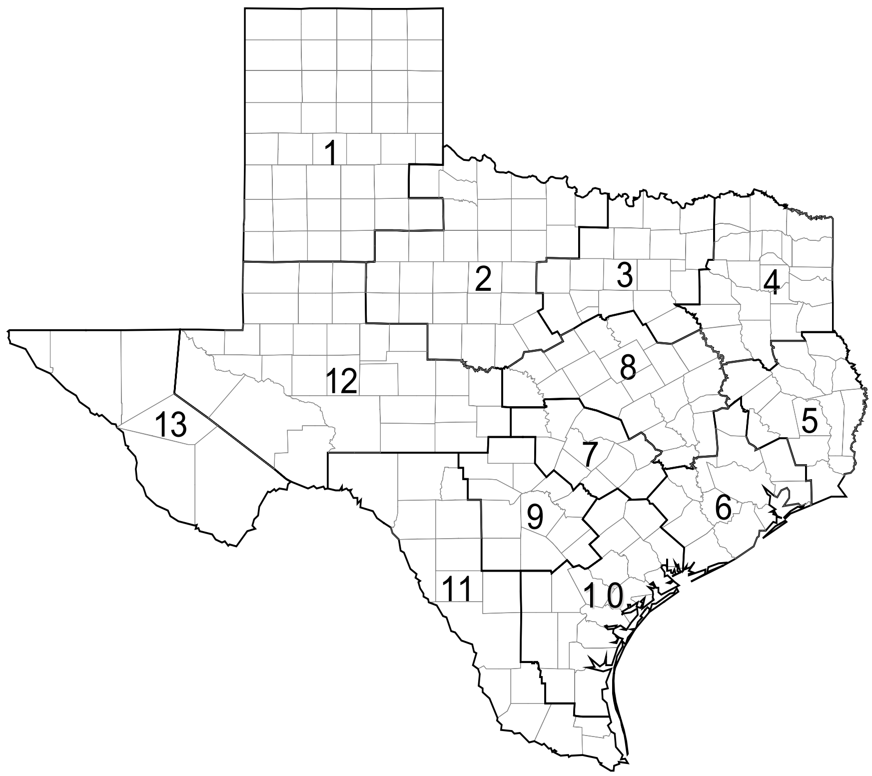
Assisted Housing Inventory

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.

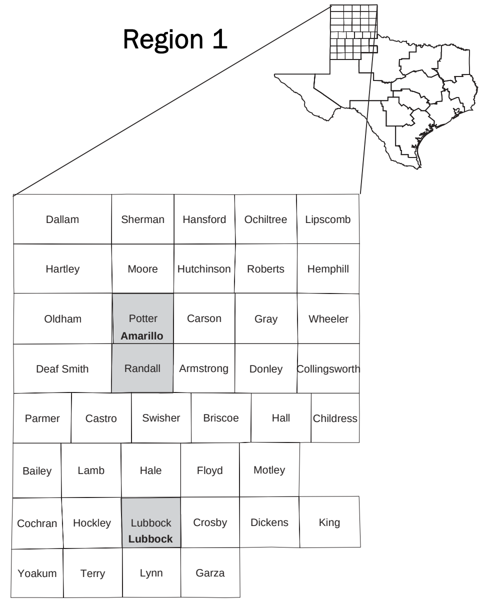


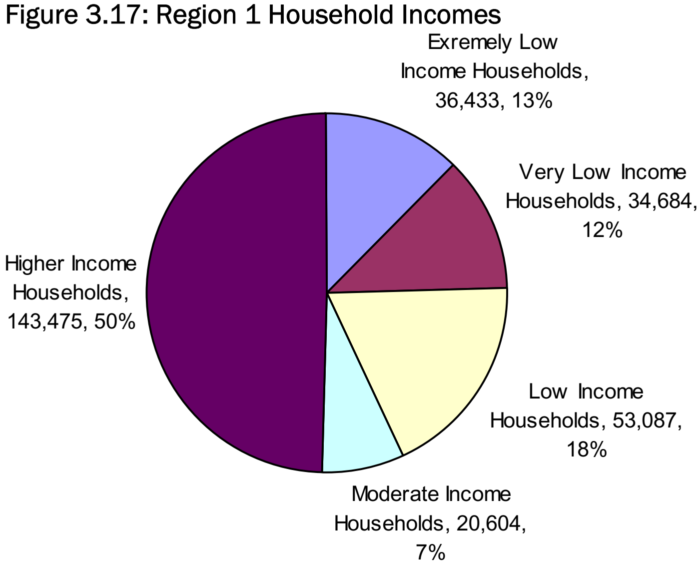
Figure 3.15: Region 1 Population Figures

	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.

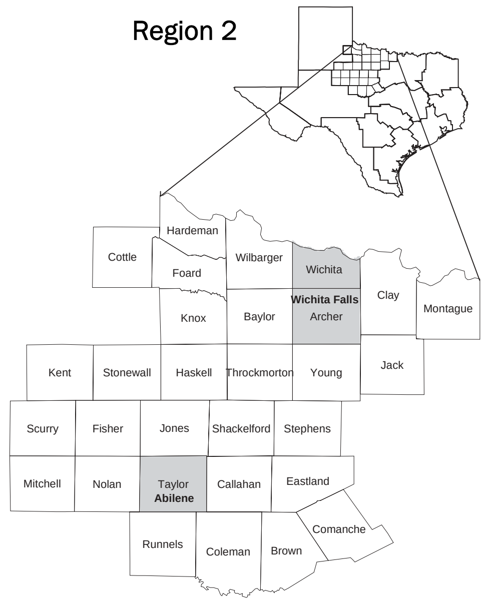


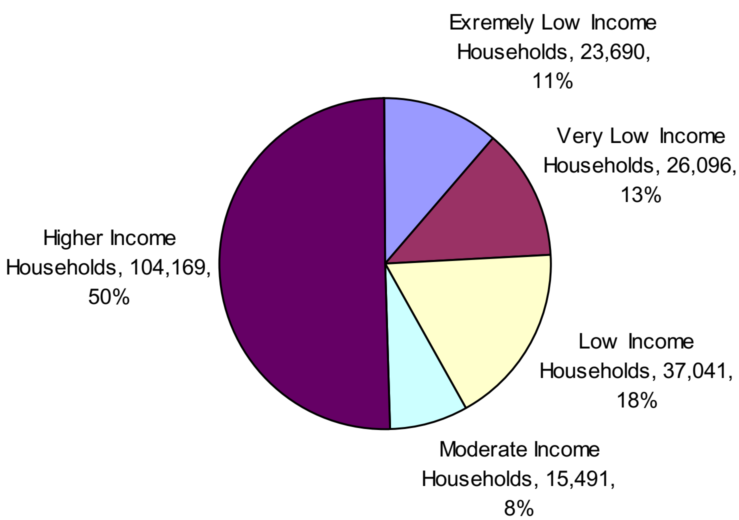
Figure 3.20: Region 2 Population Figures

	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.

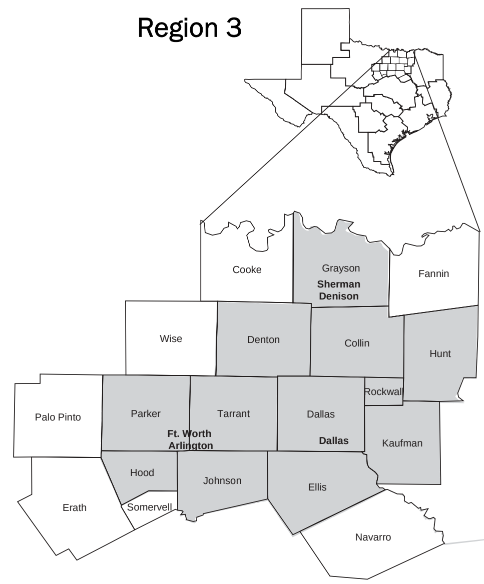


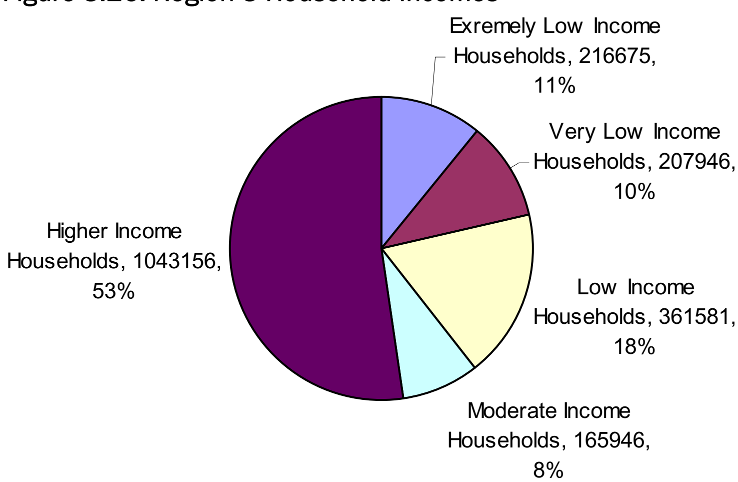
Figure 3.25: Region 3 Population Figures

	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.

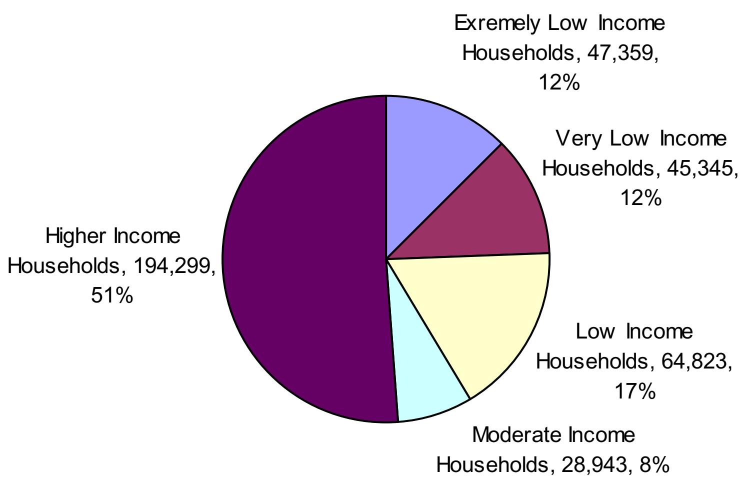
Figure 3.30: Region 4 Population Figures

	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.

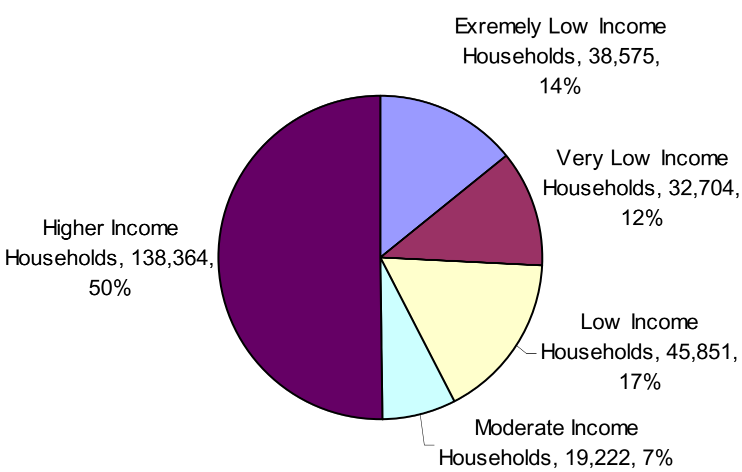
Figure 3.35: Region 5 Population Figures

	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.

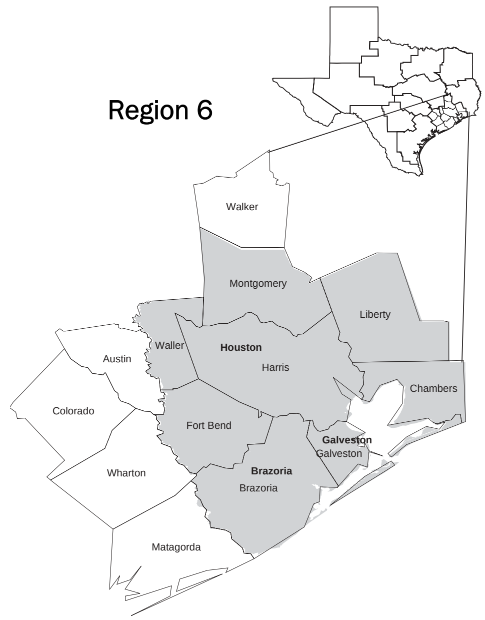


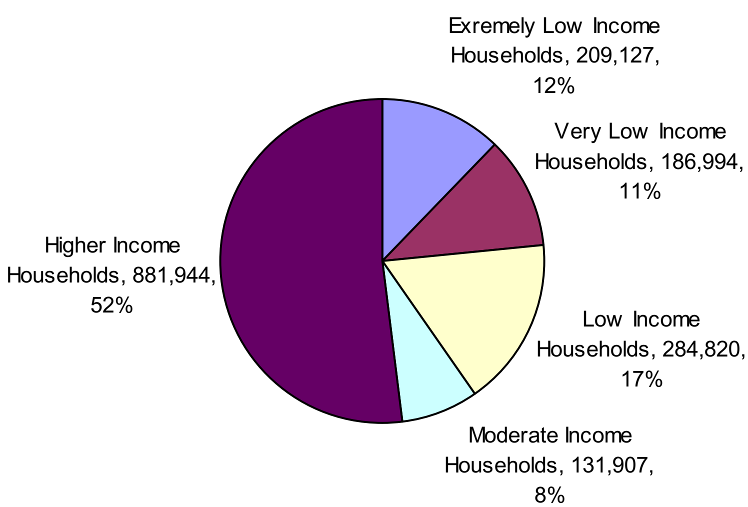
Figure 3.40: Region 6 Population Figures

	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.

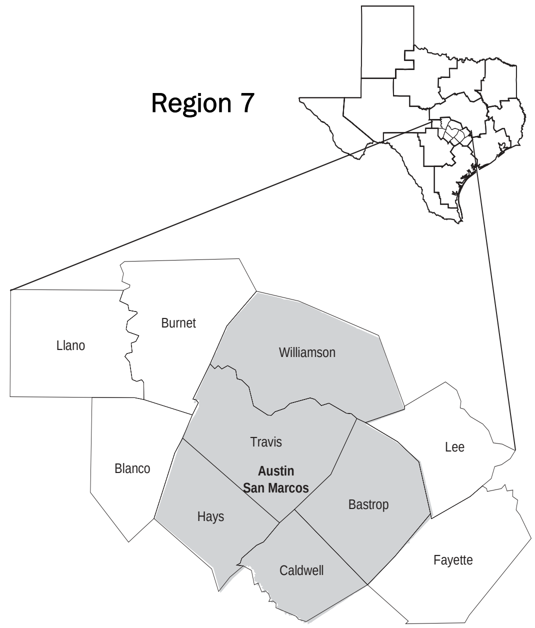
TDHCA Assistance for 2006

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.

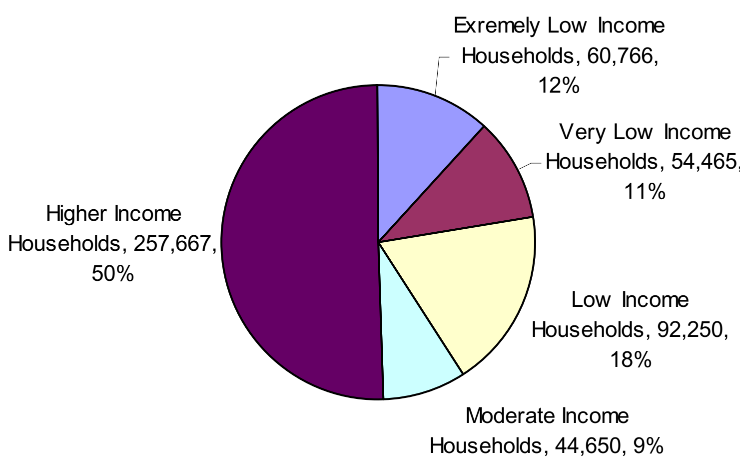
Figure 3.45: Region 7 Population Figures

	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.

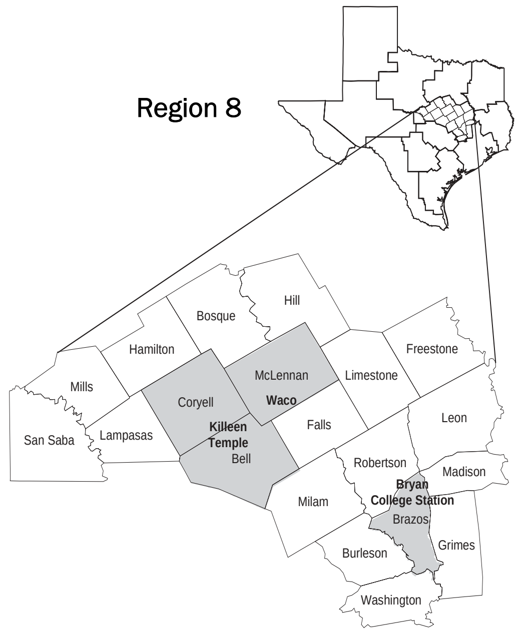


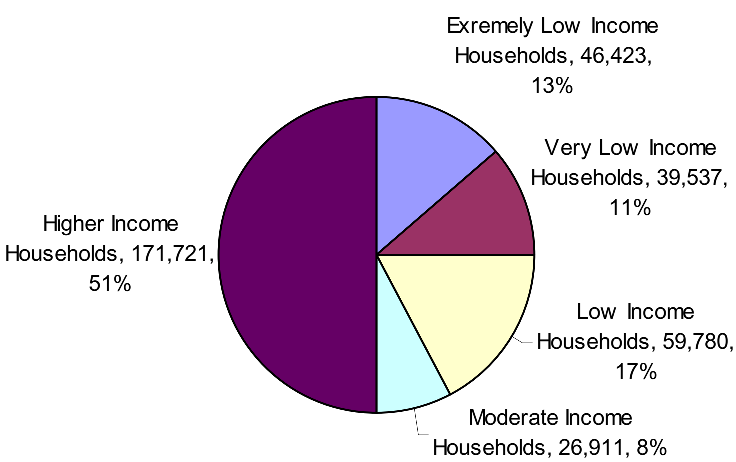
Figure 3.50: Region 8 Population Figures

	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.

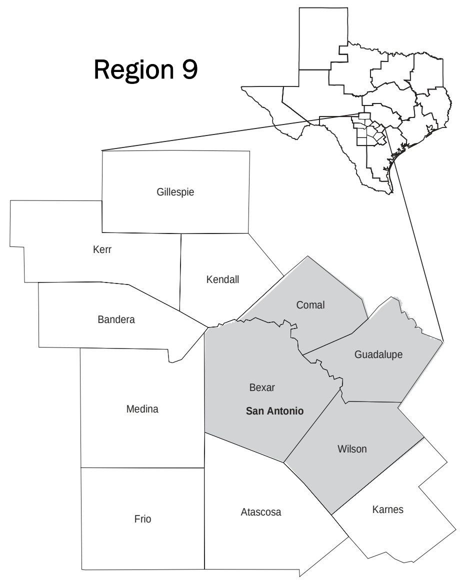
TDHCA Assistance for 2006

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.

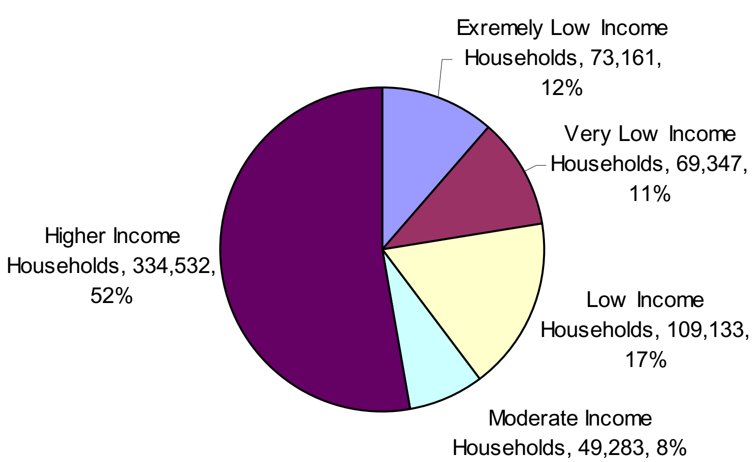
Figure 3.55: Region 9 Population Figures

	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.

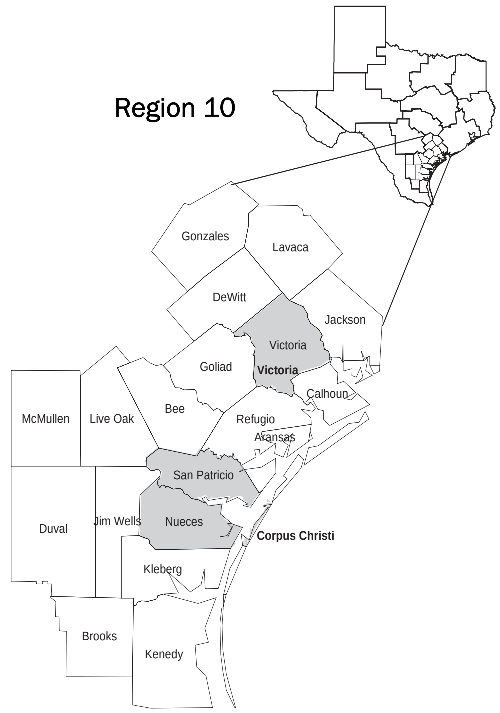
TDHCA Assistance for 2006

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.

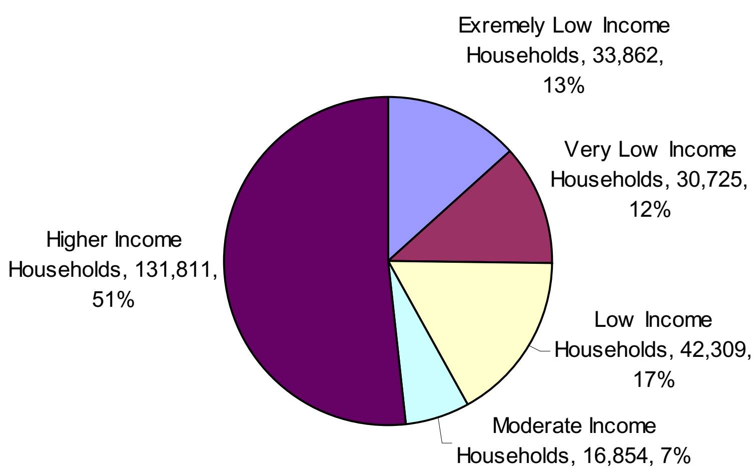
Figure 3.60: Region 10 Population Figures

	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.

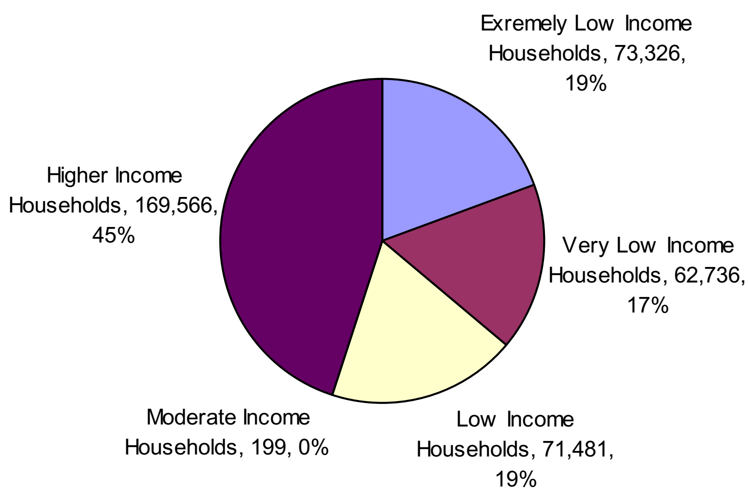
Figure 3.65: Region 11 Population Figures

	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.

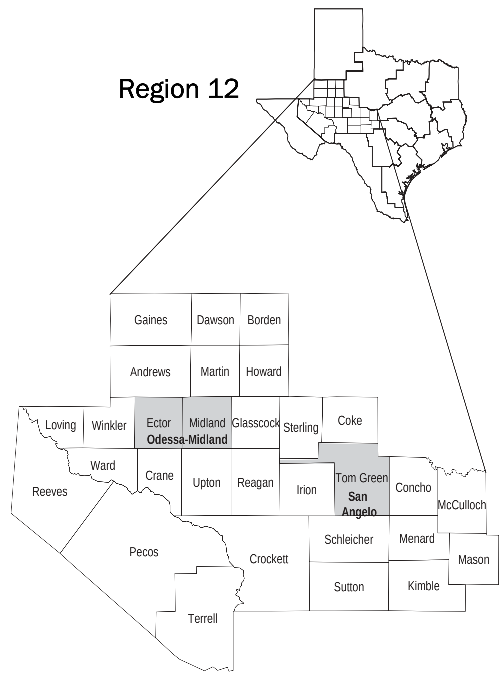


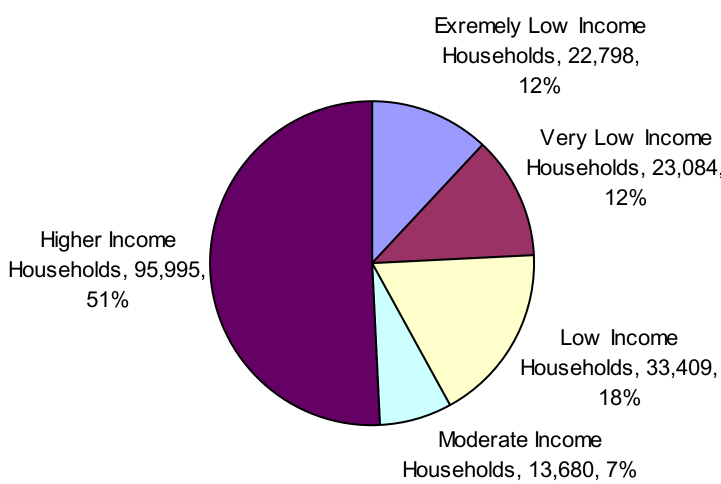
Figure 3.70: Region 12 Population Figures

	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.

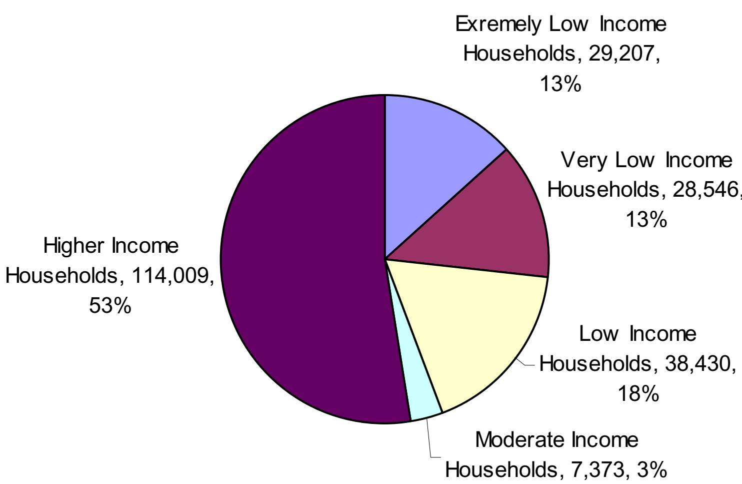
Figure 3.75: Region 13 Population Figures

	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.

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[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

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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.

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[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

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[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.

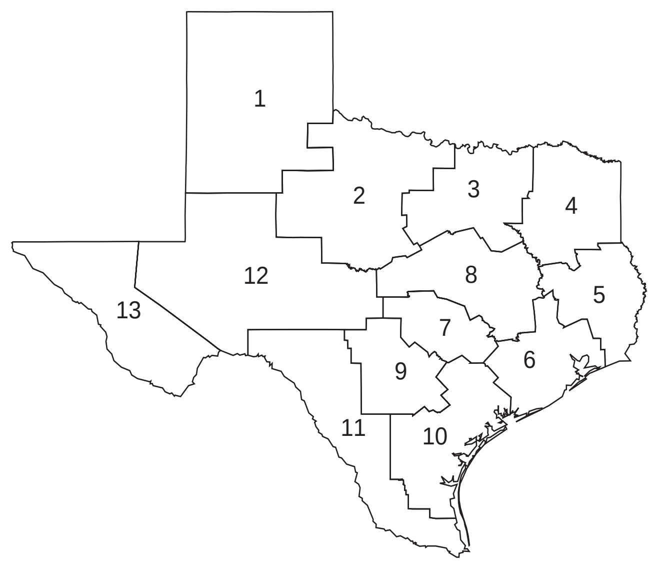
TDHCA ALLOCATION PLANS

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

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[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*.

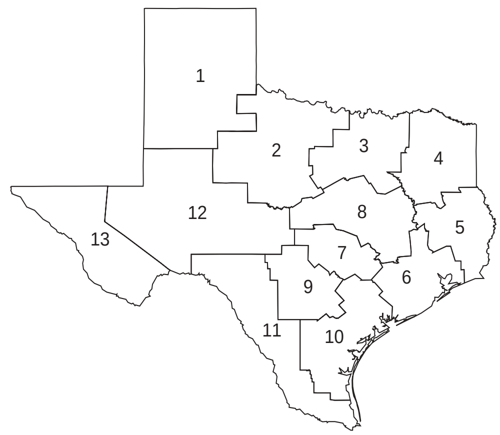
- Coalition of Texans with Disabilities
- Fannie Mae
- Freddie Mac
- Community action agencies
- Councils of governments
- Housing finance corporations
- National Council of State Housing Agencies
- National Low Income Housing Coalition
- NeighborWorks America
- Office of Rural Community Affairs
- Texas 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.

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.

[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

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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.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, 4th Floor Board Room, Austin, Texas 78701
Thursday, November 10, 2005 9:00 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.

Report on Agency Move

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 Meeting of October 13, 2005

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

a) Housing Tax Credit Amendments

01024 Rancho de Luna, Robstown, Nueces County

b) Housing Tax Credit Extensions for Construction Loan Closings and Commencement of Substantial Construction For:

04082 Fenner Square, Goliad, Goliad County
04088 South Plains Apartments, Lubbock, Lubbock County

c) Waiver of a Requirement in §49.14(a) of the 2005 QAP For:

05189 Windvale Park in Corsicana

d) Housing Tax Credit Program 2006 Application Submission Procedures Manual

e) Housing Tax Credit Program 2006 Policy for Granting Forward Commitments to Rural Rescue Developments

f) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:

05434 Bayview Estates, La Marque,Texas
Southeast TX HFC is Issuer
Recommended Credit Amount of $450,615

05436 Costa Valencia, San Antonio, Texas
San Antonio HFC is Issuer
Recommended Credit Amount of $838,633

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

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

b) Home Investment Partnerships Program (HOME) Rules: Adopt Repeal of Title 10, Part 1, Chapter 53 – 2004 HOME Program Rules; Adopt New Title 10, Part 1, Chapter 53 - 2005 HOME Program Rules

c) Housing Trust Fund (HTF) Program Rules: Adopt Repeal of Title 10, Part 1, Chapter 51 – 2004 Housing Trust Fund Program Rules; Adopt New Title 10, Part 1, Chapter 51 - 2005 Housing Trust Fund Program Rules

d) Real Estate Analysis (REA) Rules: Adopt Repeal of Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31 through 1.37 - Underwriting, Market Analyses, Appraisal, Environmental, Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines; Adopt New Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31 through 1.37 - Underwriting, Market Analyses, Appraisal, Environmental, Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines

e) Compliance Administration Rules: Adopt Repeal of Title 10, Part 1, Chapter 60.1 Compliance Monitoring Rules; Adopt New Title 10, Part 1, Chapter 60.1 Compliance Monitoring Rules

Item 4 Presentation, Discussion and Possible Approval of Financial Items: — Vidal Gonzalez

a) Selection of Outside Bond and Disclosure Counsel per RFP Submissions

b) Resolution Authorizing the use of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to Manage TDHCA's Remaining 2005 Volume Cap

c) Authorization to Change Liquidity Facilities, if necessary, for TDHCA's Pending Single Family Mortgage Revenue and Refunding Bond Transaction

Item 5 Presentation, Discussion and Possible Approval of Multifamily Private Activity Bond Program:

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

05621 Rolling Creek Apartments, Houston, Texas in an Amount Not to Exceed $14,600,000 and Issuance of a Determination Notice
(Requested Credit Amount of $634,058)

05623 Coral Hills Apartments, Houston, Texas in an Amount Not to Exceed $5,320,000 and Issuance of a Determination Notice
(Requested Credit Amount of $268,660)

b) 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 and 2006

2005-052 The Park at Oak Grove, Fort Worth, Texas

2005-053 The Residences at Sunset Pointe, Fort Worth, Texas
2005-054 Bella Vista Apartments, Gainsville, Texas
2005-055 Havens at Mansfield, Mansfield, Texas
2005-056 Generations at Mansfield, Mansfield, Texas
2005-057 Village Park Apartments, Houston, Texas
2005-064 Spriggsdale Plaza, San Antonio, Texas
2005-065 Deerwood Lodge, Houston, Texas
2006-001 Villas at Henderson, Cleburne, Texas
2006-002 Fair Oaks Apartments, Fort Worth, Texas

Item 6 Presentation, Discussion and Possible Approval of Programmatic Items: C. Kent Conine

a) Waiver of §53.56(4) of the Department's HOME Rules and Approval of Award of HOME Rental Development Funds in a Recommended Amount of $797,678 for Central Texas Housing Consortium, #05263, Belton, Texas

b) Issuance of Commitment for Predevelopment Loan Funds from the Housing Trust Fund for Acres Homes, Houston, Texas, $50,000

c) Issuance of Commitments of 2005 Housing Trust Funds for Capacity Building Grants from the Following List of all Applications Submitted under the Capacity Building Notice of Funding Availability:

Applic. Number	Organization	Reg.	Amount Requested	Amount Rec.
05809	Azteca Economic Development Corporation	1	$ 33,750	$ 33,750
05804	Central Dallas Community Development Corp	3	$ 37,500	$ 37,500
05808	Self help Housing of East Texas	5	$ 35,000	$ 35,000
05806	United cerebral Palsy of Greater Houston	6	$ 35,000	$ 35,000
05814	Blackshear Neighborhood Development Corp	7	$ 35,000	$ 35,000
05812	Chestnut Neighborhood Revitalization Corp	7	$ 31,600	$ 31,600
05813	Guadalupe Neighborhood Development Corp	7	$ 35,000	$ 35,000
05802	Neighborhood Housing Services of Austin, Inc.	7	$ 35,000	$ 35,000
05810	Accessible Housing Resources, Inc.	10	$ 35,000	$ 35,000
05801	The Latino Education Project	10	$ 35,000	$ 35,000
05800	Opportunity Center for the Homeless	13	$ 35,000	$ 35,000
05805	YWCA El Paso del Norte Region	13	$ 35,000	$ 35,000
05811	TSE Economic Development Corporation	3	$ 35,000	$ 0
05803	Fort Worth Area Habitat for Humanity	3	$ 35,000	$ 0
05807	St John Colony Neighborhood Assn	7	$ 21,000	$ 0

d) Discussion and Approval of the 2006 Final Regional Allocation Formula

e) Discussion and Approval of the 2006 Final Affordable Housing Needs Score

Item 7 Presentation, Discussion, and possible Approval of disaster relief support

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 TP SENIORS II, LTD. V. TDHCA Filed in State Court

3. With Respect to pending litigation styled *Rick R. Sims v. TDHCA et al,* File d *pro se* in Federal Court

4. With Respect to pending litigation styled *Ballard v. TDHCA and the State of Texas,* filed *pro se* in Federal Court

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

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

OPEN SESSION Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS
Executive Director's Report

1. TDHCA Outreach Activities, September 2005
2. Status of Implementation of Legislation from 79th Session
3. House Urban Affairs Committee Interim Charges
4. Marketing of Loan Star Mortgage Program
5. U. S. Government Accountability Office (GAO) visit to TDHCA
6. Senate Finance Hearing in Beaumont on Thursday, November 17, 2005
7. Meeting with Commissioner Williams and HUD Secretary Jackson, October 28, 2005
8. Affordable Housing Finance article on hurricane relief

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
November 10, 2005

Action Item

Board Minutes of October 13, 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
507 Sabine, 4th Floor Board Room, Austin, Texas 78701
Thursday, October 13, 2005 8:30 AM

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of October 13, 2005 was called to order by the Chair of the Board Elizabeth Anderson at 8:30 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
Shad Bogany – Member
Patrick Gordon – Member
Vidal Gonzalez – Member (arrived at the conclusion of Agenda Item 4)

Staff of the Texas Department of Housing and Community Affairs were 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:
Billie Jo Tennill, City Secretary for City of Odem, provided testimony on the HOME Program and provided a handout to the board.
Abigail Ortega, Hudspeth County, provided testimony on the HOME Program and provided a handout to the board.
Magdalena Gonzales, City Secretary for City of El Cenizo, provided testimony on the HOME Program.
Larkin Tackett, Legislative Director for Senator Judith Zaffirini's office, provided testimony concerning the Bee County Appeal.

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

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting of September 16, 2005

Motion made by Mr. Conine for approval of minutes as presented; Mr. Bogany seconded the motion. Motion passed unanimously.

AGENDA ITEM 2

Action and Report Items Relating to Internal Audit:

a) **Presentation, Discussion and Possible Approval of Fiscal Year 2006 Internal Audit Plan**
David Gaines provided presentation. Motion made by Mayor Salinas to approve as presented; Mr. Bogany seconded the motion. Motion passed unanimously.
b) **The Department's Move Plan**
David Gaines provided presentation. No action taken.
c) **Portfolio Management and Compliance-Single Audit**
David Gaines provided presentation. No action taken.

d) **Annual Report for Fiscal Year 2005**
David Gaines provided presentation. No action taken.

AGENDA ITEM 3

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

a) **Housing Tax Credit Extensions for Construction Loan Closings and Commencement of Substantial Construction for:**
04260 TownePark in Fredericksburg II, Fredericksburg/Gillespie County
Motion made by Mr. Bogany to approve, seconded by Mr. Salinas. Passed unanimously.

b) **Ratification of 2005 Housing Tax Credit Commitment Notice to Cambridge Villas (#05080), Pflugerville, in the Amount of $1,160,295 also possibly to include award of remaining 2005 Credit Ceiling to 2005 Waiting List Applicants**
Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

c) **Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:**
05433 The Villas at Costa Tarragona I, Corpus Christi, Texas
Corpus Christi HFC is Issuer
Requested Credit Amount of $870,295
Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.
05439 Meadow Village Apartments, Temple, Texas
Bell County HFC is Issuer
Requested Credit Amount of $381,304
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 4

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

a) **Final Rules for the Procedures for Handling Qualified Contracts Under the Housing Tax Credit Program (To be codified at 10 T.A.C. §1.9)**
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

b) **Request for approval to publish proposed rules regarding Migrant Labor Housing Facilities for public comment (To be codified at 10 T.A.C. Chapter 90)**
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 5

Presentation, Discussion and Possible Approval of Financial Items:

a) **Fourth Quarter Investment Report**
Bill Dally provided presentation. No action taken.

b) **Selection of Guaranteed Investment Brokers/Reinvestment Agents**
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

c) **Selection of Interest Rate Swap Advisor/Monitoring Consultant**
Mr. Gary Machek was asked a question by the board. Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

d) **Resolution # 05-075 Authorizing the Extension of the Certificate Purchase Period For Residential Mortgage Revenue Bonds, Series 2003A (Program 59A)**
Motion made by Mr. Bogany to approve, seconded by Mr. Gonzales. Passed unanimously.

e) **Resolution# 05-077Authorizing the Extension of the Certificate Purchase Period For Single Family Mortgage Revenue Bonds, Series 2004C and Series 2004 D (Program 62)**
Motion made by Mr. Conine to approve, seconded by Mr. Gonzales. Passed unanimously.

f) **Approval of Single Family Mortgage Revenue Refunding Bonds, 2005 Series B, Single Family Mortgage Revenue Refunding Bonds, 2005 Series C (Variable Rate Demand Bonds), Single Family Mortgage Revenue Bonds, 2005 Series D (Program 65)**
Motion made by Mr. Conine to approve as recommended and seconded by Mr. Bogany, with a motion made by Mr. Conine to amend Resolution # 05-084, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 6

Multifamily Private Activity Bond Program:

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 05 Waiting List
Removed from consideration.

2005-050 Coral Hills Apartments, Houston, Texas 05 Waiting List
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

2005-048 CityParc at Golden Triangle, Fort Worth, Texas 05 Waiting List
Removed from consideration.

2005-051 Sphinx at Alsbury, Burleson, Texas 05 Waiting List
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

At 10:03 a.m. Ms. Anderson adjourned the regular and made the statutorily required announcement that at 10:03 a.m. the Board would go into Executive Session. Regular meeting will resume following conclusion of Executive Session.

EXECUTIVE SESSION

At 10:03 a.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 10:4250 a.m.

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 TP SENIORS II, LTD. V. TDHCA Filed in State Court
   3. With Respect to pending litigation styled *Rick R. Sims v. TDHCA et al,* File *pro se* in Federal Court
   4. With Respect to pending litigation styled *Ballard v. TDHCA and the State of Texas,* filed *pro se* in Federal Court
   5. With Respect to any other pending litigation filed since the last board meeting
   6. Discussion of charges of discrimination filed with the U.S. Equal Employment Opportunity Commission
   7. Legal developments related to the ongoing FBI investigations in Dallas

OPEN SESSION

Ms. Anderson reconvened Open Session at 10:50 a.m. and announced that no action had been taken during the Executive Session and certified that the posted agenda was followed per legal requirements.

Chair continued Agenda with Item 7.

AGENDA ITEM 7

Presentation, Discussion and Possible Approval of Programmatic Items:

a) **Discussion and Possible Action on Award of HOME CHDO funds for Luling Senior Housing, Luling, Texas CHDO Operating Expense Grant $50,000**
   Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.
b) **Discussion and Approval of the Housing Trust Fund's 2006 Funding Plan**
   Diana McIver, President, TAAHP, provided testimony to restore HTF funding for the 9% projects.
   Mandy DeMayo, UCP Texas, provided testimony concerning HTF capacity building program.
   Sandra Williams, Alamo Area MHA/TACDC, provided testimony.
   Kathy Tyler provided written testimony which was read into the record.

Motion to move forward with Bootstrap and Emergency Fund Reserve Balance made by Ms. Anderson, seconded by Mr. Conine. Approved unanimously.

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

Application #	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

Motion made by Mr. Bogany to approve, seconded by Mr. Gordon. Passed unanimously.

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

Application #	Applicant	Region	Activity	Project Funds Requested	Project Funds Rec'd	Admin. Funds Rec'd	Units Rec'd
2005-0217	Border Fair Housing and Economic Justice Center (El Paso County)	13	CFD	$495,000	$495,000	$19,800	9
2005-0218	Adults and Youth United Development Association (El Paso County)	13	CFD	$500,000	$500,000	$20,000	10
2005-0219	City of Socorro	13	CFD	$60,000	$60,000	$2,400	1
2005-0220	Community Services Agency of South Texas, Inc. (Carrizo Springs)	11	CFD	$440,000	$440,000	17,600	9
2005-0221	La Gloria Development Corporation (El Cenizo)	11	CFD	$275,000	$275,000	$11,000	5
2005-0222	Community Action Social Services & Education, Inc. (Eagle Pass)	11	CFD	$500,000	$500,000	$20,000	9
2005-0223	Community Colonias Organization (Eagle Pass)	11	CFD	$495,000	$495,000	$19,800	9
2005-0224	Webb County	11	CFD	$500,000	$500,000	$20,000	9
2005-0225	Edinburg Housing Opportunity Corporation	11	CFD	$495,000	$0	$0	0
2005-0226	County of El Paso	13	CFD	$495,000	$245,000	$9,800	5
					$3,510,000	**$140,400**	**66**

Motion made by Mr. Gonzales to approve, seconded by Mr. Conine. Passed unanimously.

e) **Discussion and determination on 2005 HOME Appeals:**

2005-0063 Bee Community Action Agency

J.J. Perez, Bee Community Action Agency, Bee County, provided testimony for appeal.

Letter from Representative Yvonne Gonzales Toureilles was read into the record.

Motion made by Mr. Conine to approve appeal, seconded by Mr. Gonzales. Passed unanimously.

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

Gary Traylor, Traylor and Associates, provided testimony in favor of HOME Appeals.

David Studdert, City of Nome, provided testimony against appeal.

Gene Foerster, City of Bandera, provided testimony against appeal.
Tres Davis, GrantWorks, Inc. provided testimony against appeal.
Eric Hartzell, GrantWorks, Inc., waived right to speak.
Motion made by Mr. Bogany to approve staff's recommendation to deny appeal, seconded by Mr. Mayor Salinas. Passed unanimously.

f) **Request approval to set aside the remaining available Below Market Interest Rate Program (BMIR) funds of approximately $233,000 for the preservation of existing HOME and Housing Trust Fund (HTF) loans and awards monitored by asset management and in need of short term funds to facilitate workout solutions**
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 8

Presentation, Discussion, and possible Approval of disaster relief support:

a) **Presentation of Responses received to date of an informal survey for best use of funds to benefit Hurricane Katrina evacuees.**
Report Item. No action taken.

b) **Extension of relevant Katrina waivers being applied to those impacted by Hurricane Rita.**
Motion made by Mr. Gonzales to approve, seconded by Ms. Anderson. Passed unanimously.

REPORT ITEMS

Executive Director's Report

1. 2006 Board Meeting Dates – The Second Thursday of each Month:
January 12; February 9; March 9; April 13; May 11; June 8; July 13; July 27 (extra July meeting); August 10; September 14; October 12; November 9; December 14.
No Action Taken.
2. Report on Loan Star Mortgage Program Update (Single Family Market Rate Loan Program)
No Action Taken.
3. Third Quarter Report of Ownership Transfers
No Action Taken.
4. Methodology for assigning risk to subrecipients
No Action Taken.

ADJOURN

Since there was no other business come before the Board, the meeting was adjourned at 1:15 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

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
November 10, 2005

Action Item

Request for amendment involving material changes to a Housing Tax Credit (HTC) application.

Requested Action

Approve or deny the request for amendment.

Background and Recommendations

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

Rancho De Luna Apartments, HTC No. 01078
(Tabled at the Board Meetings of July 27 and September 16)

After the September 16 Board Meeting, the Department was informed that the syndicator has replaced the original general partner. The syndicator has also proposed adding several amenities to the development that were not proposed in the application. The amenities to be added include improved signage, swimming pool, pool furniture, gazebo with Jacuzzi, basketball court, volleyball court, batting cages, business center with computer station, additional landscaping and carpet shampooer. The total cost of the additional improvements was stated as $128,800, however it should be noted that the applicant's letter rounds the actual calculation up to $130,000.

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 Partners:	MMA Rancho del Luna GP, Inc. and Ross Housing Investments, L.P.
Developer:	G. Barron Rush, Jr
Principals/Interested Parties:	MMA Financial
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:	**Subject to the installation of the additional amenities that have been proposed by the syndicator, staff recommends approving the request. The recommendation is based on staff's opinion that the requested modification would not have been likely to adversely affect 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)).**

HTC No. 01078

1544 Sawdust Rd.
Ste. 210
The Woodlands, TX 77380

October 17, 2005

Ben Shepard
TDHCA LIHTC Program
P.O. Box 13941
Austin, TX 78711-3941

RE: Rancho De Luna

Dear Mr. Shepard,

Per the request of the board, we have compiled a list of proposed improvements to be made at Rancho de Luna for the approval of the amendments to the tax credit application. Please note that an additional $1,200 is to be added to the landscaping line item to bring the grand total of improvements to $130,000. If you have any questions, please do not hesitate to contact me.

Sincerely,

G. Barron Rush, Jr.
Texas Community Redevelopment, Inc.
Developer, Rancho de Luna Apartments

HTC No. 01078

Mission Housing Management, L.P.

Summary of Submitted Capital Repairs

Property Name: Rancho de Luna Apartments
Property Address: 640 Hwy. 77 South
City, State: Robstown, TX 78380

	Item	Description (what job will be performed)	Bids (list each bid, the amount and contractor name)	Original Cost Estimate	Life/Safety Issues	Immediate Repairs	Total Immediate Repairs	Buildings & Equipment	Deferred Maintenance	Total Additional Repairs
1	Signage	New main ID sign on Hwy. 77	4D Signworx	12,500.00			-	12,500.00	-	12,500.00
2	Swimming Pool	add amenity		65,000.00	-		-	65,000.00	-	65,000.00
3	Basketball court	add amenity		3,000.00	-			3,000.00	-	3,000.00
4	Batting Cages	add amenity		5,000.00			-	5,000.00	-	5,000.00
5	Volleyball Court	add amenity		3,000.00			-	3,000.00	-	3,000.00
6	Pool Furniture	add amenity		2,500.00			-	2,500.00	-	2,500.00
7	Business Center (1 station)	add amenity		5,000.00			-	5,000.00	-	5,000.00
8	Jucuzzi	add amenity		7,500.00			-	7,500.00	-	7,500.00
9	Gazebo/Decking for Jucuzzi	add amenity		5,000.00			-	5,000.00	-	5,000.00
10	Landscaping	upgrades to curb appeal and additional landscaping		18,000.00			-	18,000.00	-	18,000.00
11	Carpet Shampooer	currently contracting out		2,300.00			-	2,300.00	-	2,300.00
12							-	-	-	-
13							-	-	-	-
14							-	-	-	-
15							-	-	-	-
16							-	-	-	-
				$ 128,800.00	$ -	$ -	$ -	$ 128,800.00	$ -	$ 128,800.00

HTC No. 01078

Rancho De Luna, Ltd.

1544 Sawdust Rd, Suite 210
The Woodlands, Texas 77380

RECEIVED
JUN 2 9 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
November 10, 2005

Action Items

Requests for extensions of the deadlines to close the construction loan and for commencement of substantial construction are described below.

Required Action

Approve or deny the requests for extensions associated with 2004 Housing Tax Credit commitments.

Background

Pertinent facts about the developments requesting extensions are given below. The requests were each accompanied by a mandatory $2,500 extension request fee.

Fenner Square Apartments, HTC Development No. 04082

Summary of Request: Applicant is requesting a third extension for the construction loan closing deadline. Note that the Applicant has chosen not to request an extension for the commencement of substantial construction at this time. The original requests were due to delays in receiving the loan commitment from USDA-RD (RD). Most recently, the hurricanes that affected Texas have also caused delays by diverting the attention of RD from the routine business of loan processing. The Applicant received a conditional commitment from RD prior to the last extension, and has informed the Department that RD verbally indicated approval of the construction design since the last extension was granted. The Applicant received an award from the Housing Trust Fund in July.

Applicant:	Fenner Square, Ltd.
General Partner:	Merced-Fenner Square, LLC
Developer:	Legacy Renewal, Inc. (LRI); Merced Housing Texas
Principals/Interested Parties:	Gary Driggers (LRI); Merced Housing Texas
Syndicator:	WNC Associates, Inc.
Construction Lender:	Centennial Mortgage, Inc.
Permanent Lender:	Centennial Mortgage, Inc.
Other Funding:	Goliad Community Network (nonprofit)
City/County:	Goliad/Goliad
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	32 HTC units
2004 Allocation:	$195,062
Allocation per HTC Unit:	$6,096
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:	October 1, 2005
New Deadline Requested:	December 1, 2005
New Deadline Recommended:	**December 1, 2005**
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 7/15/05 Construction Loan Closing extended from 7/15/05 to 10/1/05
Staff Recommendation:	**Approve extension as requested.**

<u>South Plains Apartments, HTC Development No. 04088</u>

<u>Summary of Request</u>: Applicant requests a third extension of the deadline to close the construction loan and an extension of the December 1, 2005 deadline for commencement of substantial construction. The first extension was requested because HUD approvals to maintain the HAP contracts delayed the processing of the applicant's HUD 221(d)(4) loan. The second extension and the current extension were requested in order to obtain a private letter ruling from the Internal Revenue Service (IRS) concerning a change in the land seller's ownership structure that occurred in 1999. The applicant must confirm that the IRS will not interpret the change as having created a new placed in service date. If a new placed in service date were created, the ten year rule would impact the transaction. The applicant would not be eligible for the acquisition tax credits and the development would be infeasible.

The applicant believes that even with the delay, the rehabilitation will be completed in time to meet the deadline to place in service by December 31, 2006. The fact that the development involves rehabilitation instead of new construction allows more flexibility in placing the buildings in service. Only one unit in each building must be ready for occupancy to place the building in service.

Applicant:	Lubbock South Plains Apartments, Ltd.
General Partner:	Lubbock SP Apartments, LLC
Developer:	Stellar Development, Ltd.
Principals/Interested Parties:	Paul D. Stell, Charles R. Young, Gary D. Hall
Syndicator:	The Enterprise Social Investment Corporation
Construction Lender:	PlainsCapital Bank
Permanent Lender:	MMA Financial
Other Funding:	NA
City/County:	Lubbock/Lubbock
Set-Aside:	At-Risk
Type of Area:	Urban/Exurban
Type of Development:	Acquisition & Rehabilitation
Population Served:	General Population
Units:	144 HTC units
2004 Allocation:	$372,410
Allocation per HTC Unit:	$2,586
Extension Request Fees Paid:	$2,500 for each of the two requests ($5,000 total)
Type of Extension Request:	Construction Loan Closing and Commencement of Substantial Construction
Note on Time of Request:	Requests were submitted on time.
Current Deadlines:	November 1, 2005 for Construction Loan Closing December 1, 2005 for Commencement of Substantial Construction
New Deadlines Requested:	March 31, 2006 for Construction Loan Closing May 31, 2006 for Commencement of Substantial Construction
New Deadline Recommended:	**March 31, 2006 for Construction Loan Closing** **May 31, 2006 for Commencement of Substantial Construction**

Prior Extensions:	Construction Loan Closing extended from June 1, 2005 to July 31, 2005. Construction Loan Closing extended from July 31, 2005 to November 1, 2005.
Staff Recommendation:	**Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's <u>if</u> the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

LEGACY RENEWAL
REAL ESTATE DEVELOPMENT

October 17, 2005

Mr. Ben Sheppard
Texas Department of Housing and Community Development
507 Sabine
Austin, Texas 78701

Dear Ben:

I am writing to request an extension for the deadline to complete the closing of our construction loan for Project #04082. We are requesting an extension to December 1 to close the construction loan.

Over the past several weeks we have made significant progress in working with the USDA to receive our commitment. However when the Katrina crises occurred, the focus of the staff at USDA was redirected to support the needs of the many citizens of Louisiana moving to Texas to avoid the storm. We did not make much progress over the past three weeks. We are now very close to completing our package and have recently attended a very productive meeting with Mari-Ned Johnson and Michael Meehan of the USDA. We all agreed that we are nearing the end of receiving USDA's approval.

Thank you for your patience with this process. We apologize for the late request and look forward to your favorable reply.

Regards,

G.M. Driggers

Gary M. Driggers

8814 RUSTLING BREEZE • SAN ANTONIO, TEXAS • 78254
PHONE (210)684-0679 • FAX (210)521-7121

STELLAR
DEVELOPMENT & MANAGEMENT

5214 68th Street
Suite 402
Lubbock, Texas 79424
(806) 798-0588

VIA OVERNIGHT DELIVERY

October 18, 2005

RECEIVED
OCT 21 2005
LIHTC

Mr. Ben Sheppard
Texas Department of Housing & Community Affairs
Multifamily Finance Production Division
507 Sabine Street
Austin, Texas 78701

RE: Request for Extension: "2004 HTC Progress Report – Construction Loan Closing"
South Plains Apartments – TDHCA # 04088
**** 3rd Request ****

Request for Extension: "Construction Progress Report – Commencement of Substantial Construction"
South Plains Apartments – TDHCA # 04088

Dear Ben:

Per the provisions of Section 50.21(k) of the 2004 QAP, please accept this letter as a formal written request to further extend the deadline for submission of the above referenced reports.

Reason for the Delay

Per the transcript of the July 2005 Board Meeting, we are aware that our previous request for extension was approved for November 1st, 2005. As you may recall, that request was necessitated by our need to have the Internal Revenue Service issue a Private Letter Ruling (PLR) with regard to our project. We are still awaiting the ruling from the IRS.

As our tax credit attorney, Cynthia Bast, advised us at that time, the process would take anywhere from 3 to 6 months. The PLR was formally submitted in August 18, 2005. The IRS has already contacted Cynthia for additional information, so we know that the PLR is in the process of being reviewed and we expect to receive their ruling soon.

The PLR relates to the 10-year.hold rule and we must obtain confirmation that an infringement has not occurred prior to moving forward with claiming acquisition credits. We have attempted to briefly summarize the facts of this issue below:

- In January of 2004, the previous ownership entity of the subject property – South Plains Apts. Ltd. – sold the property to Lubbock South Plains Apartments, Ltd. (current owner and holder of the 2004 allocation of tax credits to TDHCA # 04088).
- These two entities are completely unrelated parties.

- For more than 10 year prior to the date above, there had been no conveyance of the legal and beneficial title of the apartment property. This was verified prior to closing by an abstract of title.
- In 1999, a modification of the ownership in the Seller's partnership capital and profits occurred. The modification of the capital was greater than 50% within a 12 month period. This change was not discovered until historical tax returns were finally provided to us by the seller only a few weeks ago.
- Due to the possible affect that this change could have on the acquisition credits for South Plains, the Internal Revenue Service's favorable interpretation of this 1999 change in ownership of the partnership capital must be obtained through the PLR process.

Previous PLR's addressing similar circumstances have been issued, and seem to have established a favorable standard with regard to this matter, however, since we cannot utilize these PLR's as precedential evidence, we must go through the PLR process in its entirety to obtain confirmation.

Construction Loan Closing
Due to the fact that we had already completed most of the underwriting and due diligence work with our lender at the time the PLR issue arose, we feel that we will be able to close the construction loan shortly after receiving a positive ruling from the IRS. Although we feel we will obtain the ruling sooner, February 2006 is the 6th month of the 3 to 6 month response timeframe we have been given and so we must allow for this.

> Therefore, we hereby request that the Construction Loan Closing deadline be extended until March 31, 2006.

Commencement of Substantial Construction
The General Contractor for this rehab development is Stellar Construction, Ltd. Stellar Construction is a wholly owned affiliate of the developer, Stellar Development, Ltd., and so in effect we are acting as our own general contractor for this rehab construction project. This arrangement will allow for the most time-efficient construction schedule and will eliminate delays normally associated with miscommunications between an owner and an unrelated contractor. In addition, the bulk of the rehab work will be occurring over the late spring and summer which will minimize delays related to weather.

The construction schedule for this rehab project is 6 months from beginning to end. Given what we know currently about the timing of the PLR issue, we estimate construction starting in April 2006 which would equate to a September 2006 completion date.

As you know, Substantial Construction for rehab developments is defined as having expended 10% of the total construction budget for that project. The heaviest months for construction expenditures in our schedule are the 2nd through the 4th months and therefore we must allow some time after the April 2006 start date for the construction disbursements to accumulate to the 10% level.

> We hereby request that the Commencement of Substantial Construction deadline be extended until May 31, 2006.

We are fully aware of the December 31, 2006 deadline to place all buildings in service. Despite the delay in pursuing the PLR, we feel confident that we will be able fully complete our rehabilitation and fulfill all other obligations of South Plains Apartments in plenty of time to meet that deadline.

Thank you for your consideration of this request. Should you have any questions, or need further explanation, please feel free to contact me at (806) 798-0211 ext. 111.

Please find the two enclosed checks for $2,500 each – one for each extension request as required.

Sincerely,

Gary Hall

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
November 10, 2005

Action Items

Request for a waiver of a specific 2005 QAP requirement.

Required Action

Approve or deny the request for a waiver of §49.14(a)(1) of the 2005 QAP.

Background

Section 49.14(a)(1) of the 2005 QAP requires the Development Owner to purchase the property for the Development by the deadline to submit the Carryover Allocation documentation. The owner is requesting a waiver of this requirement because determining the disposition of a blanket pipeline easement on the site is delaying the closing of the property. The equity investor would like the blanket easement moved to a defined easement before moving forward. The Owner also needs final plat approval from the City of Corsicana which is not expected until November 18, 2005.

The requirement to purchase the property by the end of the calendar year is not a federal requirement and federal rules were changed in 2001 to allow owners an additional six months after the carryover allocation to meet the 10% test. All carryover allocation documents will be executed by December 31, 2005. The extension will only apply to the requirement to close on the property. If the rule is waived, the Department will require that the evidence of purchase be provided when the documentation of the owner having met the 10% Test is submitted.

Consistent with §49.22(a) of the 2005 QAP, **"The Board, in its discretion, may waive any one or more of the 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."**

Pertinent facts about the development requesting the waiver are given below.

Windvale Park, HTC Development No. 05189

Applicant:	Windvale Park, Ltd.
General Partner:	Affordable Caring Housing, Inc.
Syndicator:	Boston Capital Corporation
Other Funding:	TDHCA HOME funds
City/County:	Corsicana/Navarro
Set-Aside:	Nonprofit
Type of Development:	New Construction
Units:	76 units
2005 Allocation:	$564,003
Allocation per HTC Unit:	$7,421
Current Deadline:	November 1, 2005
New Deadline Requested:	June 30, 2006
New Deadline Recommended:	**June 30, 2006**
Prior Extensions:	Carryover Extension to December 1, 2005
Staff Recommendation:	**Approve waiver as requested.**

WINDVALE PARK
P. O. Box 3189, Bryan, TX 77805
(979) 846-8878 phone (979) 846-0783 fax
>>>

October 14, 2005

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

Attn: Mr. Ben Sheppard – Multifamily Finance Production
Re: Windvale Park, Ltd. TDHCA #05189 –
Request for Waiver for Land Closing (Carryover Manual I)

Dear Mr. Sheppard:

I would like to respectfully request a Waiver from TDHCA for the purchase of the land, which is due with the Carryover Manual Part I for Windvale Park, Ltd. – TDHCA #05189.

The reason for the request for a waiver is that we would like to have final plat approval by the City of Corsicana, and they will not be able to meet and approve the plat in writing until after November 1, 2005 and there are some issues with some pipelines that need to be resolved by the final purchase of the site. These are concerns to our lenders and to our investment limited partner Boston Capital Corporation (Tom Dixon). We would like for this request to be placed on the Board agenda for November meeting, so that we can have an answer as soon as possible. We already have verbal approval from some of the staff.

We would like to request a waiver on the purchase of the site until June 30, 2006 – 10% Test, so that we can have final plat approval before we close on the land and pay out the $300,000 purchase price of the land.

Should you have any questions, please do not hesitate to call me.

Sincerely,

Emanuel H. Glockzin, Jr.
Developer

-----Original Message-----
From: Pixie Stracener [mailto:Pixie7@cox-internet.com]
Sent: Tuesday, October 18, 2005 10:00 AM
To: Emily Price
Subject: Re: Extension

Emily,
The City Council is supposed to meet on November 18th to approve the plat.
The pipeline issues are that there is a blanket easement on the tract, and our attorney is working with the appropriate parties to get the blanket easement moved to a defined (certain area) easement - this should take approximately 30 to 90 days.
The concerns of the syndicator are the same as ours, they would like the blanket easement moved to a defined area also.
Let me know if this is enough explanation from Emanuel.
Thanks,
Pixie Stracener
(979) 846-8878 phone
(979) 846-0783 fax

----- Original Message -----
From: Emily Price
To: 'Pixie Stracener'
Sent: Tuesday, October 18, 2005 9:07 AM
Subject: RE: Extension

Pixie,

I received the letter. Can you provide more detail? When do you expect the City Council to approve the plat? What are the pipeline issues? What are the concerns of the syndicator? Please respond as soon as possible since you must get on the November agenda. Thanks.

Emily Price
Multifamily Housing Specialist
Texas Department of Housing and Community Affairs
(512) 475-3061 phone
(512) 475-0764 fax

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Items

2006 Multifamily Application Submission Procedures Manual: In accordance with §2306.67022 of Texas Government Code, the Board is required to adopt a Qualified Allocation Plan (QAP) and corresponding manual annually. This action item is for the manual only.

Required Action

Approve the Draft 2006 Multifamily Application Submission Procedures Manual.

Background and Recommendations

The Application Submission Procedures Manual (ASPM) is the manual that is generated annually and provided to applicants to describe the logistics for submitting and packaging their application in accordance with our requirements.

Please note that because some portions of the ASPM are excerpts from the QAP, the ASPM provided to the Board today is a draft only and is substantially less detailed than the final ASPM will be. The ASPM will be finalized within several weeks of the Board's approval. Any changes made by the Board to the QAP will be correspondingly made to the ASPM to ensure consistency.

Multifamily Finance Production Division

2006 DRAFT APPLICATION SUBMISSION PROCEDURES MANUAL (ASPM)

TABLE OF CONTENTS

APPLICATION SUBMISSION PROCEDURES MANUAL

The Texas Department of Housing and Community Affairs' (the Department) Application Submission Procedures Manual (ASPM) sets forth the basic information needed for filing a Pre-Application or Application for competitive Housing Tax Credits pursuant to the 2006 Qualified Allocation Plan and Rules (QAP). All portions of the ASPM must be followed when filing a Pre-Application or an Application for either program. This document is meant to serve only as a brief complementary guide on how to put the Application together.

- **Housing Tax Credit Authority**: The Department's 2006 tax credit authority is approximately $42 million. The requirements for submission, and the methodology for allocation of funds, are based on the 2006 Qualified Allocation Plan (QAP). It is essential that the Applicant read and understand the QAP prior to submitting an Application, as the QAP is the rule that governs the HTC Program.

Because of changes to the QAP for the 2006 Application Cycle, and the competitive nature of the programs, attendance at the 2006 Application Workshops is strongly recommended. Information regarding the workshop registration is detailed on the Department's website (www.tdhca.state.tx.us). The Pre-Application and Application Materials and Instructions are expected to be posted to the Department's website by November 20, 2005.

PRE-APPLICATION AND APPLICATION SUBMISSION

A Pre-Application for a Housing Credit Allocation from the State Housing Credit Ceiling may be filed at any time during the Pre-Application Acceptance Period. An Application for a Housing Credit Allocation from the State Housing Credit Ceiling may be filed at any time during the Application Acceptance Period. For the 2006 Application Round the dates are:

Pre and Full Application Cycle Open:	Wednesday, December 9, 2005
Pre-Application Acceptance Period Closes:	Monday, January 9, 2006
Application Acceptance Period Closes:	Wednesday, March 1, 2006

Applications received after 5:00 P.M. on the last day of the Acceptance Period(s) **will not be accepted**. The deadline is **strictly** adhered to; therefore the Department strongly encourages you to consider traffic and travel delays when planning your submission.

FORMAT FOR SUBMITTING THE PRE-APPLICATION

[NOTE: All specific formatting instructions for the submission of the pre-application will be included in the Final ASPM which will be posted to the Department's website on November 20, 2005.]

FORMAT FOR PRE-CERTIFICATION AND ACKNOWLEDGEMENT

[NOTE: All specific formatting instructions for the submission of a pre-certification will be included in the Final ASPM which will be posted to the Department's website on November 20, 2005.]

FORMAT FOR SUBMITTING THE APPLICATION

[NOTE: All specific formatting instructions for the submission of the pre-application will be included in the Final ASPM which will be posted to the Department's website on November 20, 2005.]

PUBLIC VIEWING OF PRE-APPLICATIONS AND APPLICATIONS

[NOTE: All specific information relating to the viewing room will be included in the Final ASPM which will be posted to the Department's website on November 20, 2005.]

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Items

Request approval of the 2006 Housing Tax Credit Rural Rescue Policy ("the Policy") that will enable developments with funding from TX-USDA-RHS that are experiencing foreclosure or loan acceleration to be submitted to the Board for recommendation for a forward commitment of low income housing tax credits from the 2007 credit ceiling.

Required Action

Approval of attached Policy.

Background and Recommendations

In March 2003, the Board approved the Housing Tax Credit Rural Rescue Policy authorized for the first time in the 2003 QAP. The policy enables the Board to utilize its forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration. The policy assists in addressing the dilemma associated with RHS developments facing foreclosure or loan acceleration that have missed the HTC filing deadline, but need assistance prior to the following year's credit cycle. These developments were termed rural "rescue" developments. The language that enables this program has remained in the QAP since 2003 and the Rural Rescue Policy is updated annually. The policy is provided as a blackline - denoting revisions from the approved 2005 policy.

While the program was not utilized in 2003, primarily due to lack of familiarity with the program, in 2004 four developments were allocated credits through their participation in this program; the commitments of housing tax credits on those four developments totaled $185,178. As of October 2005, three applications have requested Rural Rescue credits from the 2006 Credit Ceiling totaling $336,893; all three are pending a determination by the Real Estate Analysis Division.

The revisions to the policy address public comment on the program received by the Department at the Rural Rental Housing Association Conference in September 2005 as well as other administrative changes. The primary changes are noted below.

1. In Section V of the policy, the references to threshold, selection, underwriting and compliance reviews have been stricken. §50.9(f) of the 2006 QAP now contains a section describing the steps for application review specifically for Rural Rescue Applications. That portion of the QAP includes all those items proposed to be stricken from the policy regarding these reviews. Section V also adds clarification that these funds are first-come, first served and that applicants unable to promptly submit documentation will lose their "place in line."

2. Based on the feedback of the rural development community, Section VI of the policy is revised to reflect that the Rural Rescue applications will still be deducted from the Rural

Regional Allocation for the following year, but will not be deducted from the USDA Allocation. This will enable several more USDA applications to compete for credits during the 2007 application round.

3. Based on the feedback of the rural development community and on the application submissions in 2005, Section VII of the policy is also revised to show an increase in the cap for total Rural Rescue awards from $250,000 to $350,000. As noted, the total requests for the 2005 policy as of October total $336,893. Also in this section a revision is made to formalize a Board directive made to staff, which is that applications exceeding the cap should still be processed and presented to the Board with the understanding that the Board would consider a waiver of the cap at that time.

4. Revisions were made to update references to the 2006 QAP, to change date and year references, and to clarify terminology.

Staff recommends that the policy be approved as proposed.

Housing Tax Credit (HTC) Program

2006~~2005~~ Policy for Granting Forward Commitments to Rural “Rescue” Developments

I. Introduction

§50~~49~~.10(c) of the 2006~~5~~ Qualified Allocation Plan and Rules (QAP) states: “The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the 2006~~5~~ calendar year, also referred to as Rural Rescue Developments.” This language was included in the QAP so that RHS developments that have experienced foreclosure, are facing foreclosure or loan acceleration, or which are otherwise in danger of default and foreclosure, and missed the HTC filing deadline would still have an opportunity to receive credits without a delay until the following year’s credit cycle. These developments are termed rural “rescue” developments.

Because the QAP does not include the details of how these requests and awards would be handled, this policy provides the procedures for application, staff review and recommendation specifically for ~~r~~Rural ~~“~~R~~r~~escue~~”~~ developments.

II. Definitions

All definitions used in this policy are definitions found in the 2006~~5~~ QAP.

III. Eligibility

Applications must:

1. be funded through RHS; and
2. must be able to provide evidence that the loan:
    a. has been foreclosed and is in the RHS inventory, or
    b. is being foreclosed, or
    c. is being accelerated, or
    d. is in imminent danger of foreclosure or acceleration, or
    e. is for an application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (a) through (d) of this item and for which the application is submitted under one ownership structure, one financing plan an for which there are no market rate units.
3. Applicants must be identified as in compliance with TX-USDA-RHS regulations.

IV. Credit Ceiling and Applicability of QAP

All applicants will receive their credit allocation out of the 2007~~6~~ Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the 2007~~6~~ QAP. However, because the 2007~~6~~ QAP will not be in effect during the time period that the Rural Rescue applications can be submitted, applications submitted under this policy will be considered by the Board to have satisfied the requirements of the 2007~~6~~ QAP and are waived from 2007~~6~~ QAP requirements that are changes from the 2006~~5~~ QAP, to the extent permitted by statute.

V. Procedures for Intake and Review

1. Applications for ~~r~~Rural ~~r~~Rescue deals may be submitted between March 2, 2006~~5~~ and November 15, 2006~~5~~ and must be submitted in accordance with §50~~49~~.21 of the QAP. A complete Application must be submitted at least 40 days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee of $30 per Unit as further described in §50~~49~~.20(c) of the QAP. Applicants must submit documents in accordance with the procedures set out in the 2006~~5~~ Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.

2. Applicants do not need to participate in the Pre-Application process outlined in §50~~49~~.8 of the QAP, nor will they need to submit pre-certification documents identified in §50~~49~~.9(g~~e~~) of the QAP.

3. Applications will be processed on a first-come, first-served basis. Applications unable to meet all deficiency and underwriting requirements within 30 days of the request by the Department, will remain under consideration, but will lose their submission status and the next application in line will be moved ahead in order to expedite those applications most able to proceed. Applications for Rural Rescue will be processed and evaluated as described in §50.9(f) of the QAP. Applications will be reviewed ~~to confirm that the Application is eligible under §§49.5 and 49.6 of the QAP and~~ to ensure that the Application is eligible as a rural "rescue" Development as described in paragraph III of this Policy.

~~4.Applications will be reviewed for Threshold Criteria as further described in §49.9(f) of the QAP. Applications that satisfy the Threshold Criteria will then be scored according to the Selection Criteria outlined in §49.9(g) of the QAP. As described in §§49.3(1) and 49.9(d)(4) of the QAP, applicants will be notified of Administrative Deficiencies to ensure that a complete Application has been submitted.~~

~~4.After the Application is found to meet all Threshold Requirements and a score assigned to the Application, the Application will be evaluated by the Real Estate Analysis Division and the Portfolio Management and Compliance Division in accordance with §§49.9(d)(5) and (6).~~

~~6.~~4. Prior to the Development being recommended to the Board, RHS must provide TDHCA with a copy of the physical site inspection report performed by RHS, as provided in §49.9(d)(8) of the QAP.

VI. Procedures for Recommendation to the Board

Consistent with §50~~49~~.9(~~i~~k) of the QAP, staff will make its recommendation to the Executive Award and Review Advisory Committee ("The Committee"). The Office of Rural Community Affairs (ORCA) will be invited to be in attendance at these meetings and give feedback on the proposed recommendation. The Committee will make commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §50~~49~~.10(a) of the QAP.

Any award~~s~~ made to a ~~r~~Rural ~~"~~R~~r~~escue~~"~~ Development will be credited against the Rural Regional Allocation~~, and more specifically the TX-USDA-RHS Allocation,~~ for the 2007~~6~~ Application Round, but will not be reduced from (or attributed to) the USDA Allocation target for 2007. For purposes of allocating credits based on the regional allocation formula, any award made to a ~~r~~Rural ~~"r~~Rescue~~"~~ Development will also be credited against the region in which each Development is located for the 2007~~6~~ Application Round.

VII. Applicability

All Developments submitted under this policy are subject to all rules, definitions, policies and deadlines of TDHCA, as more specifically outlined in the Qualified Allocation Plan and Rules and the Underwriting Rules and Guidelines, except as specifically excepted above.

VIII. Limitation on Allocation

No more than $350,000~~$250,000~~ in credits will be forward committed from the 2007~~6~~ credit ceiling by this Policy. To the extent applications are received that exceed the maximum limitation, staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.

Housing Tax Credit Program
Board Action Request
November 10, 2005

Action Item

Request review and board determination of two (2) 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 two (2) 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
05434	Bayview Estates	La Marque	Southeast TX HFC	176	176	$15,465,792	$9,765,000	$450,615	$450,615
05436	Costa Valencia	San Antonio	San Antonio HFC	230	230	$21,037,911	$11,159,000	$838,663	$838,663

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Bayview Estates.

Summary of the Transaction

The application was received on July 5, 2005. The Issuer for this transaction is Southeast Texas HFC. The development is to be located at the southwest corner of Lake Road and Highway 519 in La Marque. Demographics for the census tract include AMFI of $59,400; the total population is 4198; the percent of population that is minority is 17.87%; the percent of population that is below the poverty line is 8.48%; the number of owner occupied units is 1517; the number of renter units is 366 and the number of vacant units is 492. The percent of population that is minority for the entire City of La Marque is 51%. (census information from FFIEC Geocoding for 2005) The development will consist of 172 total units targeting the general population, with all units to be affordable. The site is currently properly zoned for such a development. The Department has received no letters in support and one letter of opposition from a member of the community. 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 Bayview Estates.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Bayview Estates f/k/a The Lodges at La Marque, TDHCA Number 05434

BASIC DEVELOPMENT INFORMATION

Site Address:	SWC of Lake Road and Highway 519			Development #:	05434
City:	La Marque	Region:	6	Population Served:	Family
County:	Galveston	Zip Code:	77568	Allocation:	

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

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: Southeast Texas 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:	UHF La Marque Housing, LP
	Ted Stokely - Phone: (214) 750-8845
Developer:	Unified Housing Foundation, Inc.
Housing General Contractor:	To Be Determined
Architect:	BGO Architects
Market Analyst:	O'Connor and Associates
Syndicator:	Apollo Housing Capital, LLC
Supportive Services:	Unified Housing Foundation, Inc.
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	176	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	64	72	40	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 9

Total Restricted Units:	176
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	176
Total Development Cost:	$15,465,792

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:	$450,615	$450,615	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

November 10, 2005

Development Information, Public Input and Board Summary

Bayview Estates f/k/a The Lodges at La Marque, TDHCA Number 05434

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Jackson, District 11 NC Points: 0 US Representative: DeLay, District 22, NC

TX Representative: Taylor, District 24 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Larry Crow, Mayor, City of La Marque - NC

Resolution of Support from Local Government ☐

Robert F. Ewart, City Manager, City of La Marque - The City of La Marque does not have a Consolidated Plan, however there is a need for affordable housing.

Individuals/Businesses: In Support **0** In Opposition **1**

Neighborhood Input:

General Summary of Comment:

The development will be too close to existing single family residences, will create traffic congestion, there are already numberous vacant units in the area and it will place an even greater strain on the police, filre and EMS service.

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 commitment to potentially defer fees or a commitment for additional grant funds in the amount of $377,249.

3. Receipt, review, and acceptance of current financial statements for Envest Holdings.

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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Bayview Estates f/k/a The Lodges at La Marque, TDHCA Number 05434

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: $450,615

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $450,615 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: November 1, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05434

DEVELOPMENT NAME

Bayview Estates

APPLICANT

Name:	UHF La Marque Housing, LP			**Type:**	For-profit		
Address:	1755 Wittington Place, Suite 340			**City:**	Dallas	**State:**	TX
Zip:	75234	**Contact:**	Ted Stokely	**Phone:**	(214) 750-8845	**Fax:**	(972) 488-9999

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Unified Housing of La Marque, LLC	**(%):**	0.01	**Title:**	Managing General Partner
Name:	Unified Housing Foundation, LLC	**(%):**	N/A	**Title:**	Nonprofit owner of MGP
Name:	Roundstone Development Inc, LLC	**(%):**	N/A	**Title:**	Housing Consultant

PROPERTY LOCATION

Location:	Southwest corner of Lake Road and FM 519		☐ **QCT**		☐ **DDA**
City:	La Marque	**County:**	Galveston	**Zip:**	77568

REQUEST

Amount	Interest Rate	Amortization	Term
$450,615	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, Non-Profit, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $450,615 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a commitment to potentially defer contractor fees or a commitment for additional grant funds in the amount of $377,249.
2. Receipt, review and acceptance of current financial statements for Envest Holdings.
3. 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:	176	**# Rental Buildings**	9	**# Non-Res. Buildings**	1	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF: 161,360 **Av Un SF:** 917 **Common Area SF:** 3,492 **Gross Bldg SF:** 164,852

STRUCTURAL MATERIALS

The structures will be wood frame on slab on grade. According to the plans provided in the application the exterior will be 78% masonry veneer and 22% 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: microwave, washer/dryer connections, covered entries, covered patio or balcony, tile tub/shower surrounds, an individual heating and air conditioning unit, individual water heaters, and nine-foot ceilings.

ONSITE AMENITIES

The community areas include: an office, a furnished community room, a library, a kitchen, public restrooms, a laundry, maintenance, furnished fitness center, equipped business center, and a separate central mail kiosk. The building also includes a covered public porch, and the application indicates a Jacuzzi, a swimming pool, and full perimeter fence with limited access gates will be provided. The application also indicates 40 storage facilities will be available for lease.

Uncovered Parking: 273 spaces **Carports:** 30 spaces **Garages:** 25 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Tuscany Villas is a 16-unit per acre new construction development of affordable housing located in La Marque, Galveston County. The development is comprised of nine evenly distributed garden style, walk-up residential buildings as follows:

- Four buildings with 12 one-bedroom and 12 two-bedroom units;
- Two buildings with 12 two-bedroom and eight three-bedroom units;
- Two buildings with eight one-bedroom units and eight three-bedroom units; and
- One building with eight three-bedroom units.

Architectural Review: The building and unit plans appear to provide acceptable access and storage. The elevations reflect exteriors typical of new construction garden-style apartment buildings.

SITE ISSUES

SITE DESCRIPTION

Size: 10.974 acres 478,027 square feet **Flood Zone Designation:** Zone B*

Zoning: No zoning in City of La Marque

* **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.)

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at the southwest corner of FM 519 and Lake Road in the City of La Marque, Galveston County.

Adjacent Land Uses:

- **North:** gas station and retail;
- **South:** undeveloped land;
- **East:** vacant building and single family residential; and
- **West:** flood levee, undeveloped land and day care center.

Site Access: The main entrance to the development will be located along Lake Street. East/west arteries in the area include FM 1764, FM 1765, FM 519 and State Highway 6, while north/south arteries include FM 197, FM 146, FM 3, IH 45 and FM 646.

Public Transportation: The availability of public transportation was not discussed in the application materials. Research on the internet provided the following information:

> CONNECT Transportation Demand response services (curb to curb) are provided according to individual person or organizational requests and requirements. The originating point for transportation must be within Galveston or Brazoria counties. All requests for transportation must be made at least 24 hours in advance of the need for transportation unless otherwise negotiated by a contract agency.

Shopping & Services: Single-tenant and small neighborhood retail centers are located in the neighborhood. Danforth Hospital and Mainland Center Hospital is also located in the neighborhood. The subject site is located in the La Marque Independent School District. Schools located closest to the subject include the Highlands Elementary School, the La Marque Middle Schools, and La Marque High Schools.

Site Inspection Findings: TDHCA staff performed a site inspection on July 13, 2005 and found the location to be acceptable.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated July 20, 2005 was prepared by Enercon Services, Inc and contained the following findings and recommendations:

Findings:

- **Underground Storage Tank (UST):** Shopper's Mart #105…adjoining the subject property to the northeast, was topographically upgradient, and…There are currently three, gasoline USTs in use at this facility…Due to the lack of reported releases and lack of reported violations at this facility, it is Enercon's professional opinion that this RCRA-SQG and UST site poses a low to moderate environmental risk to the subject property (p. 3).
- **Floodplain:** "According to the Federal Emergency Management Agency, Flood Insurance Rate Map (FIRM), the subject property lies in Zone B…(p. 2).
- **Other:** A small wooden shed surrounded by a barbed-wire fence was observed near the southeast corner of the subject property. Approximately fifteen to twenty (15-20) 5-gallon buckets of unidentified fluids were observed within a barbed-wire fence, near the old shed…no odor was observed to indicate petroleum product. Most of the buckets were overgrown with vegetarian and could not be observed clearly. A debris pile (wood, metal, etc.) was observed within a barbed-wire fence next to the shed and 5-gallon buckets. The debris was overgrown with vegetation and the bottom of the debris pile could not be observed (p. 1). Enercon observed an unidentified, approximately 30-gallon container on the interior of the shed. A plastic bag containing a white powdery substance, resembling fertilizer, was observed next to the container. Minor hydrocarbon soil staining was observed in the vicinity of the container. Enercon considers this soil staining to represent a *de minimis* condition. The interior of the shed was relatively clear of debris (p. 2).

Recommendations: This assessment has revealed no evidence of recognized environmental conditions in connection with the property. No additional investigation is recommended at this time. Although not considered a recognized environmental condition, Enercon does recommend that all on-site debris near the onsite shed be removed and disposed of properly. Enercon also recommends that the contents of the 5-gallon buckets near the shed be characterized and disposed of properly, and as a best management practice, the stained soil inside the shed should also be removed and disposed of properly (p. 25).

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, 100% of the units will be affordable at 60% of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$25,140	$28,680	$32,280	$35,880	$38,760	$41,640

MARKET HIGHLIGHTS

A market feasibility study dated August 5, 2005 was prepared by O'Connor & Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject site is defined as that area contained within La Marque and the following zip codes: 77510, 77517, 77554, 77563, 77590, and 77591" (p. 11). This area encompasses approximately 212 square miles and is equivalent to a circle with a radius of 8 miles.

Population: The estimated 2005 population of the PMA was 93,835 and is expected to increase to approximately 99,079 by 2010. Within the primary market area there were estimated to be 35,990 households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand based on the current renter households estimated at 30.49% of the population (p. 56) and an income band of $23,040 to $38,760 (p. 56). "…the total percentage of [renter] households eligible on an income basis in the subject's primary market is 14.91%" (p. 57).

ANNUAL 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	103	3%	66	2%
Resident Turnover	3,361	87%	3,488	97%
Other Sources: Unspecified	346	9%	N/A	
Other Sources: Section 8 Vouchers	47	1%	47	1%
TOTAL ANNUAL DEMAND	**3,857**	**100%**	**3,601**	**100%**

Ref: p. 60

"According to the Texas City Housing Authority which maintains the program for the City of La Marque, there are 63 housing vouchers. Theoretical demand from Section 8 Vouchers is calculated by multiplying the total number of vouchers by the ratio of income-qualified households in the PMA. Theoretical Demand = 63 x (1,481/1,298) = 63 x 1.14094 = 72 units Using the typical 65% turnover rate, total theoretical demand from Section 8 vouchers is estimated to be 47 units…" (p. 70).

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 4.56% based upon 176 unstabilized affordable housing units in the PMA (only the subject units) (p. 61). The Underwriter calculated an inclusive capture rate of 5% based upon a revised demand for 3,601 affordable units.

Village at Morningstar, a 100 mixed-rate unit development, was allocated tax credits during the 2004 cycle; however, Village at Morningstar targets senior households, while the subject targets the general population.

Market Rent Comparables: The Market Analyst surveyed four comparable apartment projects totaling 770 units in the market area (p. 41).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$576	$576	$0	$645	-$69
2-Bedroom (60%)	$687	$688	-$1	$770	-$83
3-Bedroom (60%)	$786	$787	-$1	$880	-$94

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

Primary Market Occupancy Rates: "The average overall occupancy for apartments in the subject's primary market area was reported at 89.04%" (p. 38). "The selected comparable apartments surveyed in the primary market area of the subject complex exhibited moderate occupancy rates, with a median occupancy level of 87%..." (p. 11).

Absorption Projections: "The closest project which has come on-line is Windsor Estate Phase II, a market complex. Windsor Estate II was completed in late 2004 and has currently reached a leased occupancy of 88% (an average absorption of approximately 21 units per month. The Club of the Isle a 264-unit market complex…is reported to be at 80% leased occupancy (an average absorption of approximately 30 units per month)…Based on our research, most projects that had been constructed in the subject's primary market area typically lease up within 12-15 months. Pre-leasing should commence prior to the completion of the construction phase" (p. 13).

Known Planned Development: "There is one proposed acquisition/rehab HTC project (Sundance Apartments, 240-units in Texas City) excluding the subject or HUD projects in the subject's primary market area. The Sundance Apartments project…per the developer will be rehabbed in a 'rolling' manner where no tenants will be displaced. For this reason and also the age of the project, it will not be included in the capture rate calculations…" (p. 11). The application for Sundance Apartments was subsequently also withdrawn.

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 revised rental income, secondary income, and vacancy and collection loss assumptions are comparable to the Underwriter's estimates.

Expenses: The Applicant's total annual operating expense of $3,567 per unit is 8% less than the Underwriter's estimate of $3,898. The Underwriter calculated individual line item expenses based on TDHCA regional database information for developments of similar size and IREM database information. Several of the Applicant's line item expenses also vary significantly when compared to the Underwriter's estimates, including: general and administrative ($17K higher); payroll ($23K lower); utilities ($25K lower); and property tax ($36K lower). The Applicant failed to include TDHCA compliance fees at $40 per unit per year.

Conclusion: The Applicant's effective gross income is within 5% of the Underwriter's estimate; however, their total operating expense and net operating income projections vary by more than 5% when compared to the Underwriter's estimate. 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

ASSESSED VALUE

Land: 10.9649 acres	$177,620	**Assessment for the Year of:**	2004
Improvements:	$100	**Valuation by:**	Galveston County Appraisal District
Total: 15.006 acres prorated	$177,720	**Tax Rate:**	3.2261

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Commercial Contract-Unimproved Property (10.9766 acres)		
Contract Expiration Date:	12/ 31/ 2005	**Anticipated Closing Date:**	12/ 01/ 2005
Acquisition Cost:	$902,127.60	**Other Terms/Conditions:**	
Seller:	Bayside Enterprises, LLP	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $82,186/acre or $5,126/unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,050 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 $208K higher than, or within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor general and administrative fees exceed the 2% maximum allowed by HTC guidelines by $4K 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.

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 $12,797,129, as adjusted by the Underwriter for overstated contractor overhead, supports annual tax credits of $451,739. 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: MMA Financial **Contact:** Richard A Monfred

Tax-Exempt Amount: $9,765,000 **Interest Rate:** 6.05%

Additional Information: Syntek West listed as guarantor

Amortization: 40 yrs **Term:** 42.5 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $641,185 **Lien Priority:** 1st **Date:** 09/ 08/ 2005

TAX CREDIT SYNDICATION

Source: Apollo Housing Capital, LLC **Contact:** Daniel J Kierce

Net Proceeds: $4,183,392 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 100¢

Commitment: ☒ LOI ☐ Firm ☐ Conditional **Date:** 09/ 08/ 2005

Additional Information: $418,339 anticipated annual tax credit allocation

APPLICANT EQUITY

Amount:	$194,774	**Source:**	GIC/lease-up cashflow
Amount:	$1,209,145	**Source:**	Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Southeast Texas HFC and purchased by MMA Financial. The permanent financing commitment is inconsistent with the terms reflected in the Applicant's revised sources and uses of funds. The anticipated debt amount has decreased since the LOI was signed in September of 2005.

HTC Syndication: The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant has revised their tax credit request from $418,339 as reflected in the LOI to $450,615 annually for ten years.

GIC Income/Lease-Up Cashflow: Income in totaling $194,774 from investment of the bond proceeds in a guaranteed investment contract (GIC) and income from leases during the construction phase is anticipated by the Applicant; 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 $1,403,993 amount to 84% of the total eligible developer fees.

Financing Conclusions: The Underwriter'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 of $739,000 in bonds. The current analysis indicates the permanent mortgage must be reduced to $8,915,000 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. However, the Applicant's request is less than both the tax credits based on the estimated eligible basis and the tax credit resulting from the gap method; therefore, the recommended annual tax credit allocation is $450,615. The possible reduction in the permanent mortgage results in anticipated deferred fees of $2,044,640; 123% of eligible developer fees, but 84% of all eligible contractor and developer fees. Receipt, review and acceptance of a commitment to defer contractor fees or a commitment for additional grant funds in the amount of $377,249 is a condition of this report. Deferred fees of $2,044,640 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, Developer, and Supportive Services firm are 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.
- Unified Housing Foundation, nonprofit owner of the General Partner, submitted an unaudited financial statement as of December 31, 2004 reporting total assets of $344M and consisting of $2M in current assets, $333M in property net of depreciation, and $9M in other assets. Liabilities totaled $362M, resulting in net assets of -$18M.
- Envest Holding, Ltd, is listed as a proposed guarantor for permanent financing. Receipt, review and acceptance of current financial statements for Envest Holdings is a condition of this report.

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.
- ∉ 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 guarantor may not 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, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Lisa Vecchietti*	**Date:**	November 1, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 1, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Bayview Estates, La Marque, 4% HTC #05434

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%	64	1	1	756	$672	$576	$36,890	$0.76	$95.60	$59.30
TC 60%	72	2	2	958	807	$688	49,504	0.72	119.44	64.60
TC 60%	40	3	2	1,100	933	$787	31,471	0.72	146.23	75.20
TOTAL:	176		AVERAGE:	917	$787	$670	$117,865	$0.73	$116.86	$65.08

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	161,360			TDHCA	APPLICANT	Comptroller's Region		6
POTENTIAL GROSS RENT					$1,414,377	$1,413,216		IREM Region	Houston
Secondary Income			Per Unit Per Month:	$10.00	21,120	21,120	$10.00	Per Unit Per Month	
Other Support Income: 25 garages, 30 carports, 40			Per Unit Per Month:	$5.00	10,560	16,200	$7.67	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,446,057	$1,450,536			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(108,454)	(108,432)	-7.48%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,337,602	$1,342,104			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.57%	$347	0.38	$61,132	$78,496	$0.49	$446	5.85%
Management		4.11%	312	0.34	54,920	57,076	0.35	324	4.25%
Payroll & Payroll Tax		12.24%	930	1.01	163,680	139,878	0.87	795	10.42%
Repairs & Maintenance		5.13%	390	0.43	68,647	72,160	0.45	410	5.38%
Utilities		3.70%	282	0.31	49,557	24,277	0.15	138	1.81%
Water, Sewer, & Trash		4.75%	361	0.39	63,566	73,146	0.45	416	5.45%
Property Insurance		3.02%	229	0.25	40,340	41,954	0.26	238	3.13%
Property Tax	3.2261	10.61%	807	0.88	141,948	105,600	0.65	600	7.87%
Reserve for Replacements		2.63%	200	0.22	35,200	35,200	0.22	200	2.62%
Other: compl fees		0.53%	40	0.04	7,040	0	0.00	0	0.00%
TOTAL EXPENSES		51.29%	$3,898	$4.25	$686,029	$627,787	$3.89	$3,567	46.78%
NET OPERATING INC		48.71%	$3,702	$4.04	$651,573	$714,317	$4.43	$4,059	53.22%
DEBT SERVICE									
First Lien Mortgage		47.94%	$3,643	$3.97	$641,188	$641,185	$3.97	$3,643	47.77%
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		0.78%	$59	$0.06	$10,385	$73,132	$0.45	$416	5.45%
AGGREGATE DEBT COVERAGE RATIO					1.02	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)		5.81%	$5,125	$5.59	$902,000	$902,000	$5.59	$5,125	5.83%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.99%	7,050	7.69	1,240,778	1,240,778	7.69	7,050	8.02%
Direct Construction		48.97%	43,205	47.12	7,604,012	7,812,301	48.42	44,388	50.51%
Contingency	1.58%	0.90%	795	0.87	139,962	139,962	0.87	795	0.90%
General Req'ts	2.10%	1.19%	1,054	1.15	185,489	185,489	1.15	1,054	1.20%
Contractor's G & A	2.00%	1.14%	1,005	1.10	176,896	185,489	1.15	1,054	1.20%
Contractor's Profit	4.19%	2.39%	2,108	2.30	370,978	370,978	2.30	2,108	2.40%
Indirect Construction		3.81%	3,362	3.67	591,641	591,641	3.67	3,362	3.83%
Ineligible Costs		11.35%	10,013	10.92	1,762,236	1,762,236	10.92	10,013	11.39%
Developer's G & A	2.00%	1.41%	1,241	1.35	218,346	222,319	1.38	1,263	1.44%
Developer's Profit	13.00%	9.14%	8,064	8.80	1,419,247	1,445,072	8.96	8,211	9.34%
Interim Financing		3.91%	3,452	3.77	607,527	607,527	3.77	3,452	3.93%
Reserves		1.98%	1,747	1.91	307,514	0	0.00	0	0.00%
TOTAL COST		100.00%	$88,219	$96.22	$15,526,626	$15,465,792	$95.85	$87,874	100.00%
Recap-Hard Construction Costs		*62.59%*	***$55,217***	***$60.23***	***$9,718,115***	***$9,934,997***	***$61.57***	***$56,449***	*64.24%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	62.15%	$54,830	$59.80	$9,650,000	$9,650,000	$8,915,000	Dev&Contr Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$2,404,920
HTC Syndication Proceeds	28.41%	$25,067	$27.34	4,411,874	4,411,874	4,506,152	% of Dev. Fee Deferred
Deferred Developer Fees	9.04%	$7,977	$8.70	1,403,919	1,403,919	2,044,640	85%
Additional (Excess) Funds Req'd	0.39%	$346	$0.38	60,833	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,526,626	$15,465,792	$15,465,792	$2,264,733

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Bayview Estates, La Marque, 4% HTC #05434

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.00	$7,745,102
Adjustments				
Exterior Wall Finish	6.24%		$3.00	$483,294
9-Ft. Ceilings	3.78%		1.81	292,765
Roofing			0.00	0
Subfloor			(0.81)	(131,435)
Floor Cover			2.22	358,219
Porches/Balconies	$21.46	42,120	5.60	903,777
Plumbing	$680	336	1.42	228,480
Built-In Appliances	$1,675	176	1.83	294,800
Stairs	$1,650	54	0.55	89,100
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	279,153
Garages	$28.45	0	0.00	0
Comm &/or Aux Bldgs	$62.22	3,492	1.35	217,279
Carports	$8.90	0	0.00	0
SUBTOTAL			66.69	10,760,534
Current Cost Multiplier	1.01		0.67	107,605
Local Multiplier	0.86		(9.34)	(1,506,475)
TOTAL DIRECT CONSTRUCTION COSTS			$58.02	$9,361,664
Plans, specs, survy, bld prm	3.90%		($2.26)	($365,105)
Interim Construction Interes	3.38%		(1.96)	(315,956)
Contractor's OH & Profit	11.50%		(6.67)	(1,076,591)
NET DIRECT CONSTRUCTION COSTS			$47.12	$7,604,012

PAYMENT COMPUTATION

Primary	$9,650,000	Amort	480
Int Rate	6.05%	DCR	1.02
Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.02
Additional	$4,411,874	Amort	
Int Rate		Aggregate DCR	1.02

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$592,352
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$59,222

Primary	$8,915,000	Amort	480
Int Rate	6.05%	DCR	1.10
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$4,411,874	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	$1,414,377	$1,456,808	$1,500,512	$1,545,528	$1,591,893	$1,845,441	$2,139,372	$2,480,118	$3,333,071
Secondary Income	21,120	21,754	22,406	23,078	23,771	27,557	31,946	37,034	49,771
Other Support Income: 25 garaç	10,560	10,877	11,203	11,539	11,885	13,778	15,973	18,517	24,885
POTENTIAL GROSS INCOME	1,446,057	1,489,438	1,534,121	1,580,145	1,627,549	1,886,776	2,187,290	2,535,669	3,407,727
Vacancy & Collection Loss	(108,454)	(111,708)	(115,059)	(118,511)	(122,066)	(141,508)	(164,047)	(190,175)	(255,580)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,337,602	$1,377,730	$1,419,062	$1,461,634	$1,505,483	$1,745,268	$2,023,244	$2,345,494	$3,152,148
EXPENSES at 4.00%									
General & Administrative	$61,132	$63,577	$66,120	$68,765	$71,515	$87,009	$105,860	$128,795	$190,648
Management	54,920	56,567	58,264	60,012	61,813	71,658	83,071	96,302	129,422
Payroll & Payroll Tax	163,680	170,227	177,036	184,118	191,482	232,968	283,441	344,849	510,461
Repairs & Maintenance	68,647	71,393	74,249	77,218	80,307	97,706	118,874	144,629	214,086
Utilities	49,557	51,539	53,601	55,745	57,974	70,535	85,816	104,409	154,550
Water, Sewer & Trash	63,566	66,108	68,753	71,503	74,363	90,474	110,075	133,923	198,239
Insurance	40,340	41,954	43,632	45,377	47,192	57,416	69,856	84,990	125,806
Property Tax	141,948	147,626	153,531	159,673	166,060	202,037	245,809	299,064	442,688
Reserve for Replacements	35,200	36,608	38,072	39,595	41,179	50,101	60,955	74,161	109,777
Other	7,040	7,322	7,614	7,919	8,236	10,020	12,191	14,832	21,955
TOTAL EXPENSES	$686,029	$712,921	$740,872	$769,925	$800,122	$969,923	$1,175,949	$1,425,955	$2,097,633
NET OPERATING INCOME	$651,573	$664,809	$678,190	$691,710	$705,362	$775,344	$847,295	$919,539	$1,054,515
DEBT SERVICE									
First Lien Financing	$592,352	$592,352	$592,352	$592,352	$592,352	$592,352	$592,352	$592,352	$592,352
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	$59,222	$72,458	$85,838	$99,358	$113,010	$182,993	$254,944	$327,188	$462,163
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.17	1.19	1.31	1.43	1.55	1.78

LIHTC Allocation Calculation - Bayview Estates, La Marque, 4% HTC #05434

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	$902,000	$902,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,240,778	$1,240,778	$1,240,778	$1,240,778
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,812,301	$7,604,012	$7,812,301	$7,604,012
(4) Contractor Fees & General Requirements				
Contractor overhead	$185,489	$176,896	$181,062	$176,896
Contractor profit	$370,978	$370,978	$370,978	$370,978
General requirements	$185,489	$185,489	$185,489	$185,489
(5) Contingencies	$139,962	$139,962	$139,962	$139,962
(6) Eligible Indirect Fees	$591,641	$591,641	$591,641	$591,641
(7) Eligible Financing Fees	$607,527	$607,527	$607,527	$607,527
(8) All Ineligible Costs	$1,762,236	$1,762,236		
(9) Developer Fees				
Developer overhead	$222,319	$218,346	$222,319	$218,346
Developer fee	$1,445,072	$1,419,247	$1,445,072	$1,419,247
(10) Development Reserves		$307,514		
TOTAL DEVELOPMENT COSTS	$15,465,792	$15,526,626	$12,797,129	$12,554,875

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		$12,797,129	$12,554,875
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$12,797,129	$12,554,875
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$12,797,129	$12,554,875
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$451,739	$443,187
Syndication Proceeds	**1.0000**	**$4,517,389**	**$4,431,873**

Total Credits (Eligible Basis Method)	**$451,739**	**$443,187**
Syndication Proceeds	**$4,517,389**	**$4,431,873**
Requested Credits	**$450,615**	
Syndication Proceeds	**$4,506,152**	
Gap of Syndication Proceeds Needed	**$6,550,792**	
Credit Amount	**$655,079**	

Scale 1 : 200,000

1" = 3.16 mi

Data Zoom 10-0

TN

MN (3.7°E)

Applicant Evaluation

Project ID # **05434** Name: **Bayview Estates** City: **La Marque**

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: 2; ten to nineteen: 0; twenty to twenty-nine: 1

monitored with a score less than thirty: 3

not yet monitored or pending review: 2

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 10/26/2005

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	Audrey Martin	Reviewer	Paige McGilloway	Reviewer	
Date	10/19/2005	Date	10/19/2005	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	10/26/2005

Executive Director: __________ **Executed:** __________

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Costa Valencia.

Summary of the Transaction

The application was received on July 11, 2005. The Issuer for this transaction is San Antonio HFC. The development is to be located at the intersection of Rodriguez Road and Old U.S. Highway 90 in San Antonio. Demographics for the census tract include AMFI of $51,500; the total population is 6051; the percent of population that is minority is 96.79%; the percent of population that is below the poverty line is 32.45%; the number of owner occupied units is 1119; the number of renter units is 428 and the number of vacant units is 55. The percent of population that is minority for the entire City of San Antonio is 68%. (census information from FFIEC Geocoding for 2005) The development will consist of 230 total units targeting the general population, with all units to be affordable. The site is currently properly zoned for such a development. The Department has received no letters in support and one letter of opposition from John M. Folks; Superintendent, Northside ISD. 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 Costa Valencia.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Costa Valencia, TDHCA Number 05436

BASIC DEVELOPMENT INFORMATION

Site Address:	Rodriquez Road at Old U.S. Hwy 90 (south side)			Development #:	05436
City:	San Antonio	Region:	9	Population Served:	Family
County:	Bexar	Zip Code:	78227	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:	Costa Valencia, Ltd.
	Henry A. Alvarez, III - Phone: (210) 477-6048
Developer:	San Antonio Housing Development Corp.
Housing General Contractor:	NRP Contractors, LLC
Architect:	Alamo Architects
Market Analyst:	Apartment Market Data
Syndicator:	Paramount Financial
Supportive Services:	Merced Housing Texas
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	230	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	48	102	80	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 13

Total Restricted Units:	230
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	230
Total Development Cost:	$21,037,911

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:	$838,663	$838,663	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

November 10, 2005

Development Information, Public Input and Board Summary

Costa Valencia, TDHCA Number 05436

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26 NC Points: 0 US Representative: Gonzalez, District 20, NC

TX Representative: Menendez, District 124 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Phil Hardberger, Mayor, City of San Antonio - NC

Resolution of Support from Local Government ☐

Andrew W. Cameron, Housing and Community Development Director; The activities proposed are consistent with the City of San Antonio Consolidated Plan.

John M. Folks, NISD Superintendent - O

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

Neighborhood Input:

General Summary of Comment:

The local schools are already experiencing tremendous growth and severe financial limits. The loss of tax money and lack of capacity cause major concerns.

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 an acceptable noise study and "Limited Phase II Subsurface Investigation" by a third party environmental engineer which indicates that no issues of environmental concern exist with regard to the site and that there is no condition or circumstance that warrants further investigation or analysis prior to the initial closing on the property is a condition of this report.

3. Receipt, review, and acceptance of a final site plan and flood mitigation plan that reconcile the area impacted by the flood plan area and identifies the size of the area not impacted by the 100 year flood plain. Should any improvements be situated in the currently existing 100 year flood hazard area, a mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance, and tenant flood insurance costs prior to the initial closing on the property is required. The hazard mitigation plan should, at a minimum, raise all building foundation floor levels to at least one foot above the 100 year base flood elevation and all parking areas to no more than six inches below the 100 year base flood elevation.

4. Receipt, review, and acceptance of a final reconciliation for the acquisition cost attributable to the site which provides a cost not to exceed $1.50 per foot for the usable site outside the 100 year floodplain.

5. Receipt, review, and acceptance of a copy of the release of the partial interest liens to third parties recorded against the property or an updated title commitment showing clear title, prior to the initial closing on the property.

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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Costa Valencia, TDHCA Number 05436

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: $838,663

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $838,663 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: November 1, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05436

DEVELOPMENT NAME

Costa Valencia

APPLICANT

Name:	Costa Valencia, Ltd.			**Type:**	For-profit		
Address:	818 South Flores			**City:**	San Antonio	**State:**	TX
Zip:	78204	**Contact:**	Henry A. Alvarez, III	**Phone:**	(210) 477-6048	**Fax:**	(210) 477-6002

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	SA Costa Valencia, LLC	**(%):**	.01	**Title:**	Managing General Partner
Name:	San Antonio Housing Facility Corp.	**(%):**	N/A	**Title:**	Sole Member of MGP
Name:	San Antonio Housing Development Corp.	**(%):**	N/A	**Title:**	Developer
Name:	Alan F. Scott	**(%):**	N/A	**Title:**	33.3% Co-Developer, NRP Holdings
Name:	J. David Heller	**(%):**	N/A	**Title:**	33.4% Co-Developer, NRP Holdings
Name:	T. Richard Bailey, Jr.	**(%):**	N/A	**Title:**	33.3% Co-Developer, NRP Holdings
Name:	Costa Valencia, NRP, Ltd.	**(%):**	.01	**Title:**	Special Limited Partner

PROPERTY LOCATION

Location:	Rodriguez Rd. at Old US Highway 90 (south side)		☒ **QCT**		☐ **DDA**
City:	San Antonio	**County:**	Bexar	**Zip:**	78227

REQUEST

Amount	**Interest Rate**	**Amortization**	**Term**
1) $838,663	N/A	N/A	N/A

Other Requested Terms: 1) 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 $838,663 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an acceptable noise study and “Limited Phase II Subsurface Investigation” by a third party environmental engineer which indicates that no issues of environmental concern exist with regard to the site and that there is no condition or circumstance that warrants further investigation or analysis prior to the initial closing on the property is a condition of this report;
2. Receipt, review, and acceptance of a final site plan and flood mitigation plan that reconciles the area

impacted by the flood plan area and identifies the size of the area not impacted by the 100-year flood plain. Should any of the improvements be situated in the currently existing 100-year flood hazard area, a mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance, and tenant flood insurance costs prior to the initial closing on the property is required. The hazard mitigation plan should, at a minimum, raise all building foundation floor levels to at least one foot above the 100-year base flood elevation and all parking areas to no more than six inches below the 100-year base flood elevation;

3. Receipt, review, and acceptance of a final reconciliation for the acquisition cost attributable to the site which provides a cost not to exceed $1.50 per foot for the usable site outside of the 100-year floodplain;
4. Receipt, review, and acceptance of a copy of the release of the partial interest liens to third parties recorded against the property or an updated title commitment showing clear title, prior to the initial closing on the property;
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	230	**# Rental Buildings**	13	**# Non-Res. Buildings**	1	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A	at / /

Net Rentable SF: 238,904 **Av Un SF:** 1,039 **Common Area SF:** 3,885 **Gross Bldg SF:** 242,789

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: 75% stucco/ 25% cement fiber siding, 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, refrigerator, microwave oven, tile 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

A 3,885-square foot community building will include an activity room, management offices, fitness, laundry facilities, a kitchen, restrooms, & a computer/business center. The community building and swimming pool are located on the southern portion of the site, and equipped children's play area is located at the center of the property. In addition, perimeter fencing with a limited access gate is planned for the site.

Uncovered Parking: 254 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Costa Valencia is a 14-unit per acre new construction development of 230 units of affordable housing located in western San Antonio. The development will be comprised of 13 evenly-distributed medium garden style, walk-up, low-rise residential buildings as follows:

- Six Building Type A with six one-bedroom/one-bath units, six two-bedroom/two-bath units, twelve three -bedroom/two-bath units;
- Five Building Type B with 12 two-bedroom/two-bath units;
- One Building Type C with six two-bedroom/two-bath units, and eight three-bedroom/two-bath units;
- One Building Type D with 12 one-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: 17.33 acres 754,938 square feet **Flood Zone Designation:** Zone AE and Zone X

Zoning: "C-2 Commercial District"

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the western area of San Antonio, approximately 7.5 miles from the central business district. The site is situated on the north side of US Highway 90.

Adjacent Land Uses:

- **North:** Old Highway 90 immediately adjacent and two motels, a cellular tower, and undeveloped property beyond;
- **South:** US Highway 90 immediately adjacent and undeveloped property beyond;
- **East:** Undeveloped property immediately adjacent (former auto salvage yard); and
- **West:** Undeveloped property immediately adjacent and undeveloped property beyond.

Site Access: Access to the property is from the east or west along US Highway 90. The development is to have one main entry from the south from US Highway 90 and a second rear access point to Old Highway 90. The main entrance appears to lie predominantly within the 100-year floodplain as does the US Highway 90 frontage road immediately in front of the site. Access to Interstate Highway 410 is 2.5 miles west, which provides connections to all other major roads serving the San Antonio area.

Public Transportation: Public transportation to the area is provided by VIA, San Antonio's public transportation system. Two bus stops are located less than 0.25 miles from the site.

Shopping & Services: The site is within three miles of two major grocery stores, two pharmacies, a bank, a library, 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:

- **Floodplain:** "The subject property was identified as having portions of all three tracts located within a 100-year or 500-year flood plain." (p. 8 of the ESA) The flood plan and building locations on site plan provided by the Applicant appear to be inconstant with flood plain identified on the August 9, 2005 survey provided by the Applicant. Receipt, review, and acceptance of a final site plan and flood mitigation plan that reconciles the area impacted by the flood plan area and identifies the size of the area not impacted by the 100-year flood plain. Should any of the improvements be situated in the currently existing 100-year flood hazard area, a mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance, and tenant flood insurance costs prior to the initial closing on the property is required. The hazard mitigation plan should, at a minimum, raise all building foundation floor levels to at least one foot above the 100-year base flood elevation and all parking areas to no more than six inches below the 100-year base flood elevation.
- **Site Control/Title:** The title commitment lists two partial interest Vendor's Liens executed between parties other than the seller. These liens must be cleared by closing. Receipt, review, and acceptance of documentation verifying the removal of these liens is a condition of this report.
- **Environmental Hazard:** "An automotive salvage yard was located on the east adjacent property. Environmental concerns in the form of petroleum hydrocarbons and solvent use were identified with the operations conducted at the facility." "Large piles of roofing shingles were observed to be on the ground over most of the surface area of Tract 3. Additionally, ECS observed promiscuously dumped construction debris and concrete debris similarly dumped on Tract 3 (west)." (p. 17 of the ESA)

Site Inspection Findings: TDHCA staff performed a site inspection on July 27, 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 13, 2005, was prepared by ECS- Texas, LLP and contained the following findings and recommendations:

Findings:

- **Lead-Based Paint (LBP):** "…lead-based paint testing will not be required." (p. 7)
- **Radon:** "…radon is not considered to pose an environmental concern." (p. 7)
- **Noise:** "The subject property was not identified as being located within one block of a railroad, airport, or airport flight path. However, the site is located adjacent to Hwy 90; therefore a noise study does appear to be warranted at this time." (p. 8)
- **Floodplain:** "The subject property was identified as having portions of all three tracts located within a 100-year or 500-year flood plain according to the Flood Insurance Rate Map, panel 48029C0436F and panel 48029C0438F, for the subject site area." (p. 8)

Recommendations: "Based on the results of this assessment, ECS recommends a Limited Phase II Subsurface Investigation be conducted to determine whether the soils and/ or groundwater have been impacted by adjacent property operations and on-site dumping activities." (p. 17)

Receipt, review, and acceptance of an acceptable noise study and "Limited Phase II Subsurface Investigation" by a third party environmental engineer which indicates that no issues of environmental concern exist with regard to the site and that there is no condition or circumstance that warrants further investigation or analysis prior to the initial closing on the property 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, 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. 230 of the units (100% of the total) will be reserved for low-income tenants. 230 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	$21,660	$24,720	$27,840	$30,900	$33,360	$35,820

MARKET HIGHLIGHTS

A market feasibility study dated August 11, 2005, was prepared by Apartment Market Data ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): This area encompasses approximately 15.74 square miles and is equivalent to a circle with a radius of 2.25 miles.

Population: The estimated 2004 population of the PMA was 40,671 and is expected to increase by 3.8% to approximately 42,197 by 2009. Within the primary market area there were estimated to be 11,052 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 991 qualified households in the PMA, based on the current estimate of 11,239 households, the projected annual growth rate of 1.7%, renter households estimated at 48.8% of the population, income-qualified households estimated at 24.4%, and an annual renter turnover rate of 73.6%. The Market Analyst used an income band of $19,851 to $33,360.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Underwriter		Market Analyst	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	16	2%	22	2%
Resident Turnover	944	98%	969	98%
Other Sources:		%		%
TOTAL ANNUAL DEMAND	**960**	**100%**	**991**	**100%**

Ref: p. 46

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 23.2% based upon 991 units of demand and 230 unstabilized affordable housing in the PMA (including the subject) (p. 47). The Underwriter calculated an inclusive capture rate of 24.0% based upon a supply of unstabilized comparable affordable units of 230 divided by a revised demand of 960. Gates of Capernium, at 2002 tax credit development is in the primary market area and is currently 97.6% occupied and stabilized. It is currently stabilized, as it has had occupancy of over 90% since June of 2004, and is not included in the unstabilized supply for this capture rate calculation.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,138 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$498	$498	-$0	$620	-$122
2-Bedroom (60%)	$597	$597	-$0	$745	-$148
3-Bedroom (60%)	$677	$677	-$0	$888	-$211

(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 current occupancy of the market area is 93.7% as a result of strong demand. Demand for new rental apartment units is considered to be growing." (p. 107).

Absorption Projections: "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 82).

Known Planned Development: "Since the 1990 census, there have been no projects built and occupied in this area of San Antonio." (p. 84).

"Rosemont at Acme and Port Royal Homes are two recently allocated tax credit properties with 250 units each and are located near the subject, but outside the trade area designated by this study." (p. 82)

Effect on Existing Housing Stock: "The subject should not have a detrimental effect on any existing projects, as occupancies are stable throughout San Antonio, and especially at quality affordable housing communities." (p. 82).

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 stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result, the Applicant's effective gross income estimate is comparable to the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,319 per unit is within 5.01% of the Underwriter's database-derived estimate of $3,161 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative ($32K lower), repairs and maintenance ($28K higher), and property tax ($46K higher). The Applicant has submitted new information indicating that the property will receive a full 100% property tax exemption, based on the HFC's ownership of the land and lease back to the partnership. The Underwriter built that exemption into the expense pro-forma.

Conclusion: The Applicant's estimated income is consistent with the Underwriter's expectations, however total operating expenses are not within 5% of the database-derived estimate, and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 17.34 acres	$244,550	**Assessment for the Year of:**	2005
Building:	$0	**Valuation by:**	Bexar County Appraisal District
Total Assessed Value:	$244,550	**Tax Rate:**	"Tax-Exempt"

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and Sale Contract (17.3583 acres)		
Contract Expiration Date:	1/ 31/ 2006	**Anticipated Closing Date:**	12/ 6/ 2005
Acquisition Cost:	$766,750	**Other Terms/Conditions:**	
Seller:	Highway 90 Joint Venture	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost is $766,750 ($1.02/SF, $44,219/acre, or $3,334/unit). The purchase contract states that the purchase price would be $816,750. It further adds that, "The total sales price shall be based upon the number of total square feet comprising the Property less the area lying within the 100 year flood plain. If the survey of the Property described in Paragraph 3(b) reflects that the number of total square feet comprising the Property less the area lying within the 100 year flood plain is more or less than 544,500 total square feet, the Total Sales Price and the cash payable at closing shall be increased or reduced by the product of $1.50 multiplied by the amount of increase or decrease of the Total Area." From this the Applicant derived an acquisition cost of $766,750 for the land. Receipt, review, and acceptance of a final reconciliation for the acquisition cost attributable to the site which provides a cost not to exceed $1.50 per foot for the usable site outside of the 100-year floodplain. Based on the underlying arm's-length purchase the acquisition cost for the subject is acceptable.

Sitework Cost: The Applicant's claimed sitework costs of $7,461 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 $1.0M or 10% 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 exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $289K 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 $16K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: While the Applicant's direct costs are more than 5% higher than the Underwriter's, the Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and therefore the total budget is 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 for excess fees is used to calculate eligible basis. As a result, an eligible basis of $24,153,986 is used to determine a credit allocation of $852,636 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. This eligible-basis derived allocation is $13,973 more than initially requested due to the Applicant's use of a lower applicable percentage of 3.43% rather than the 3.53% underwriting rate used for applications received in July 2005.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Newman Capital **Contact:** Paul Weissman

Tax-Exempt Amount: $11,159,000 **Interest Rate:** 5.75%

Taxable Amount: $0 **Interest Rate:** 0

Additional Information:

Amortization: 40 yrs **Term:** 32 yrs **Commitment:** ☒ LOI ☐ Firm ☒ Conditional

Annual Payment: $713,579 **Lien Priority:** 1 **Date:** 7/ 8/ 2005

GIC INCOME

Source: GIC Income from interest account holding private placement bonds **Contact:** Paul Weissman

Principal Amount: $100,000 **Commitment:** ☒ LOI ☐ Firm ☒ Conditional

Additional Information: **Commitment Date** 7/ 7/ 2005

TAX CREDIT SYNDICATION

Source: Paramount Financial **Contact:** Mike Moses

Net Proceeds: $8,386,627 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 100¢

Commitment: ☒ LOI ☐ Firm ☒ Conditional **Date:** / /

Additional Information:

APPLICANT EQUITY

Amount: $1,113,827 **Source:** Deferred Developer Fee- NRP Holdlings LLC

Amount: $278,457 **Source:** Deferred Developer Fee- San Antonio Housing Development Corp.

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 Newman Capital. 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 consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed two portions deferred developer fees of $278,457 from San Antonio Housing Development Corporation and $1,113,827 from NRP Holdings LLC amounting to 62% of the total fees.

Financing Conclusions: Since the Applicant's total development costs were approximately 4.3% more than the Underwriter's estimate, the Applicant's adjusted development costs were used to determine eligible basis. The applicable percentage rate was adjusted in order to reflect the current underwriting rate of 3.53%. This adjustment increased the potential tax credit allocation to $852,636 per year, resulting in syndication proceeds of approximately $8,526,357. However, this is an annual credit allocation of $13,973 more than the requested amount. Therefore, the maximum potential tax credit allocation for this project is the $838,663 the requested amount.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, General Contractor, and Supportive Services 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 sole member of the General Partner, San Antonio Housing Facility Corporation, submitted an audited financial statement as of June 30, 2004, reporting total assets of $23.9M and consisting of $2.7M in cash, $488K in receivables, $26M in real property, and $2M in other assets. Liabilities totaled $13.2MK, resulting in a net worth of $10.6M. The audit for year ended June 30, 2005, is still being drafted by the auditor Garza/Gonzalez & Associates.

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 is more than 5% outside of the Underwriter's verifiable range.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant environmental risks exist regarding dumping, floodplain, and noise issues potentially impacting the site.
- 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:	*Phillip Drake*	**Date:**	November 1, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 1, 2005

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Costa Valencia, San Antonio, 4%HTC, & #05436

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 48.61	$11,614,021
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly/9-Ft. Ceilings	3.00%		1.46	348,421
Roofing			0.00	0
Subfloor			(0.68)	(161,658)
Floor Cover			2.22	530,367
Porches/Balconies	$20.33	20,049	1.71	407,604
Plumbing	$605	546	1.38	330,330
Built-In Appliances	$1,675	230	1.61	385,250
Stairs/Fireplaces	$1,650	114	0.79	188,100
Enclosed Corridors	$38.69		0.00	0
Heating/Cooling			1.53	365,523
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$61.64	3,885	1.00	239,452
Other:			0.00	0
SUBTOTAL			59.64	14,247,410
Current Cost Multiplier	1.01		0.60	142,474
Local Multiplier	0.85		(8.95)	(2,137,111)
TOTAL DIRECT CONSTRUCTION COSTS			$51.29	$12,252,772
Plans, specs, survy, bld prm	3.90%		($2.00)	($477,858)
Interim Construction Interest	3.38%		(1.73)	(413,531)
Contractor's OH & Profit	11.50%		(5.90)	(1,409,069)
NET DIRECT CONSTRUCTION COSTS			$41.66	$9,952,314

PAYMENT COMPUTATION

Primary	$11,159,000	Amort	480
Int Rate	5.75%	DCR	1.20

Secondary	$100,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.20

Additional	$8,386,627	Amort	
Int Rate		Aggregate DCR	1.20

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$713,579
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$140,123

Primary	$11,159,000	Amort	480
Int Rate	5.75%	DCR	1.20

Secondary	$100,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

Additional	$8,386,627	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

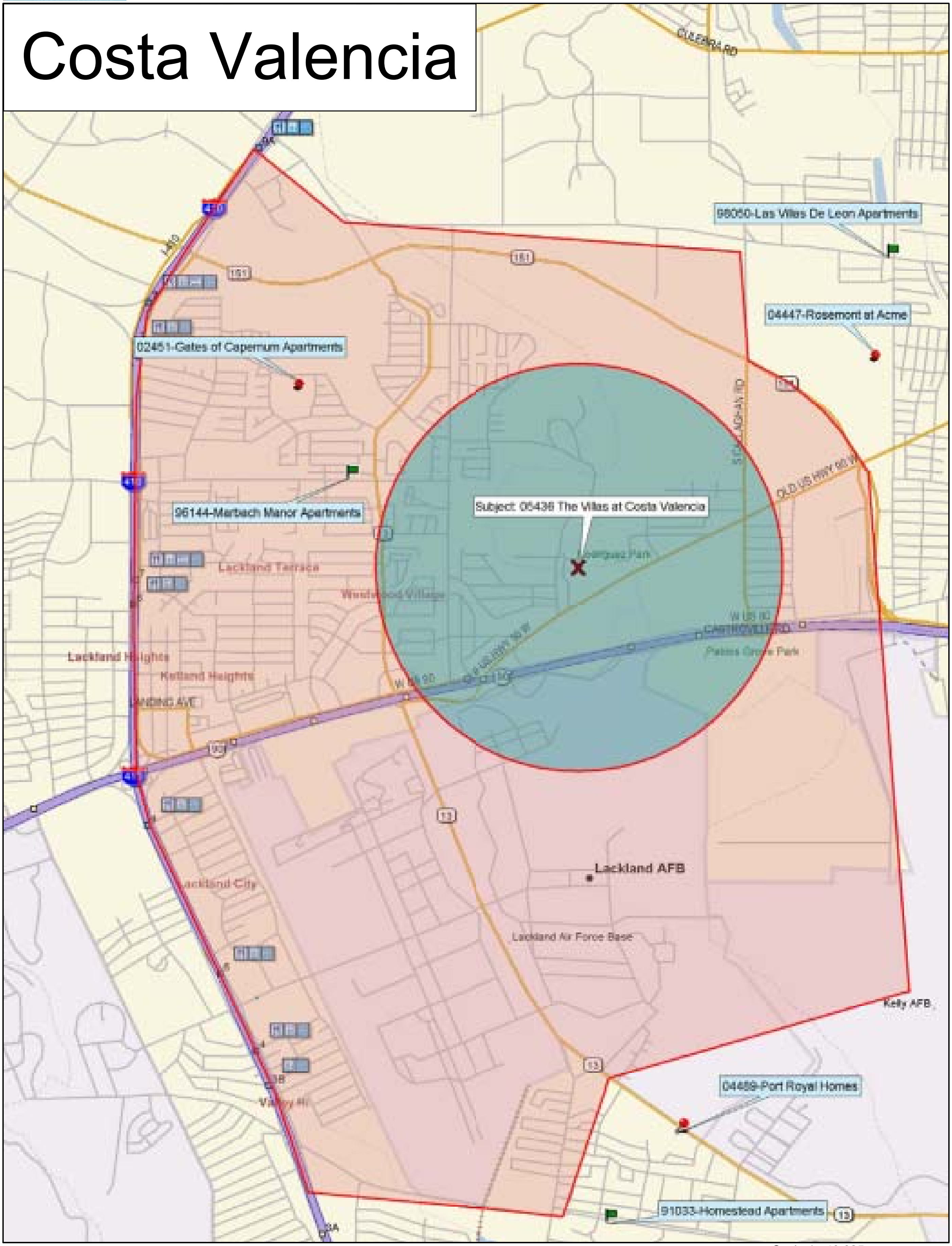
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,667,496	$1,717,521	$1,769,047	$1,822,118	$1,876,781	$2,175,704	$2,522,237	$2,923,964	$3,929,564
Secondary Income	41,400	42,642	43,921	45,239	46,596	54,018	62,621	72,595	97,562
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,708,896	1,760,163	1,812,968	1,867,357	1,923,378	2,229,722	2,584,859	2,996,559	4,027,125
Vacancy & Collection Loss	(128,167)	(132,012)	(135,973)	(140,052)	(144,253)	(167,229)	(193,864)	(224,742)	(302,034)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,580,729	$1,628,151	$1,676,995	$1,727,305	$1,779,124	$2,062,493	$2,390,994	$2,771,818	$3,725,091
EXPENSES at 4.00%									
General & Administrative	$104,556	$108,738	$113,088	$117,612	$122,316	$148,816	$181,058	$220,284	$326,074
Management	79,036	81,408	83,850	86,365	88,956	103,125	119,550	138,591	186,255
Payroll & Payroll Tax	186,424	193,881	201,636	209,702	218,090	265,339	322,826	392,767	581,391
Repairs & Maintenance	112,291	116,783	121,454	126,313	131,365	159,826	194,452	236,581	350,198
Utilities	42,290	43,982	45,741	47,571	49,474	60,192	73,233	89,099	131,889
Water, Sewer & Trash	55,007	57,207	59,495	61,875	64,350	78,292	95,254	115,891	171,547
Insurance	71,671	74,538	77,520	80,620	83,845	102,010	124,111	151,000	223,517
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	46,000	47,840	49,754	51,744	53,813	65,472	79,657	96,915	143,458
Other	29,750	30,940	32,178	33,465	34,803	42,344	51,517	62,679	92,780
TOTAL EXPENSES	$727,027	$755,317	$784,716	$815,266	$847,013	$1,025,417	$1,241,659	$1,503,808	$2,207,110
NET OPERATING INCOME	$853,702	$872,833	$892,279	$912,039	$932,111	$1,037,076	$1,149,335	$1,268,009	$1,517,981
DEBT SERVICE									
First Lien Financing	$713,579	$713,579	$713,579	$713,579	$713,579	$713,579	$713,579	$713,579	$713,579
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	$140,123	$159,254	$178,700	$198,460	$218,532	$323,497	$435,756	$554,430	$804,402
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.28	1.31	1.45	1.61	1.78	2.13

LIHTC Allocation Calculation - Costa Valencia, San Antonio, 4%HTC, & #05436

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	$766,750	$766,750		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,716,000	$1,716,000	$1,716,000	$1,716,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,982,760	$9,952,314	$10,982,760	$9,952,314
(4) Contractor Fees & General Requirements				
Contractor overhead	$295,320	$233,366	$253,975	$233,366
Contractor profit	$885,960	$700,099	$761,926	$700,099
General requirements	$885,960	$700,099	$761,926	$700,099
(5) Contingencies		$583,416		
(6) Eligible Indirect Fees	$975,480	$975,480	$975,480	$975,480
(7) Eligible Financing Fees	$704,446	$704,446	$704,446	$704,446
(8) All Ineligible Costs	$1,185,967	$1,185,967		
(9) Developer Fees			$2,423,477	$2,247,271
Developer overhead		$311,304		
Developer fee	$2,439,268	$2,023,479		
(10) Development Reserves	$200,000	$321,455		
TOTAL DEVELOPMENT COSTS	$21,037,911	$20,174,175	$18,579,989	$17,229,075

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$18,579,989	$17,229,075
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$24,153,986	$22,397,797
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$24,153,986	$22,397,797
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$852,636	$790,642
Syndication Proceeds	**1.0000**	**$8,526,357**	**$7,906,422**
Total Credits (Eligible Basis Method)		**$852,636**	**$790,642**
Syndication Proceeds		**$8,526,357**	**$7,906,422**
Requested Credits		**$838,663**	
Syndication Proceeds		**$8,386,630**	
Gap of Syndication Proceeds Needed		**$9,878,911**	
Credit Amount		**$987,891**	

Costa Valencia



TN
MN (5.7°E)

Scale 1 : 40,625
1" = 3,385.4 ft
Data Zoom 12-3

MULTIFAMILY COMPARATIVE ANALYSIS

Costa Valencia, San Antonio, 4%HTC, & #05436

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 only
TC 60%	48	1	1	787	$579	$498	$23,904	$0.63	$80.75	$11.70
TC 60%	102	2	2	1,004	696	$597	60,894	0.59	98.60	11.70
TC 60%	80	3	2	1,234	803	$677	54,160	0.55	126.31	11.70
TOTAL:	230		AVERAGE:	1,039	$709	$604	$138,958	$0.58	$104.51	$11.70

INCOME	Total Net Rentable Sq Ft:	238,904	TDHCA	APPLICANT	Comptroller's Region	9
POTENTIAL GROSS RENT			$1,667,496	$1,667,496	IREM Region	San Antonio
Secondary Income	Per Unit Per Month:	$15.00	41,400	41,400	$15.00	Per Unit Per Month
Other Support Income:			0			
POTENTIAL GROSS INCOME			$1,708,896	$1,708,896		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(128,167)	(128,172)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0			
EFFECTIVE GROSS INCOME			$1,580,729	$1,580,724		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.61%	$455	0.44	$104,556	$72,200	$0.30	$314	4.57%
Management	5.00%	344	0.33	79,036	79,007	0.33	344	5.00%
Payroll & Payroll Tax	11.79%	811	0.78	186,424	195,000	0.82	848	12.34%
Repairs & Maintenance	7.10%	488	0.47	112,291	140,000	0.59	609	8.86%
Utilities	2.68%	184	0.18	42,290	38,200	0.16	166	2.42%
Water, Sewer, & Trash	3.48%	239	0.23	55,007	48,300	0.20	210	3.06%
Property Insurance	4.53%	312	0.30	71,671	69,000	0.29	300	4.37%
Property Tax Exempt	0.00%	0	0.00	0	46,000	0.19	200	2.91%
Reserve for Replacements	2.91%	200	0.19	46,000	46,000	0.19	200	2.91%
Other: compl fees	1.88%	129	0.12	29,750	29,750	0.12	129	1.88%
TOTAL EXPENSES	45.99%	$3,161	$3.04	$727,027	$763,457	$3.20	$3,319	48.30%
NET OPERATING INC	54.01%	$3,712	$3.57	$853,702	$817,267	$3.42	$3,553	51.70%
DEBT SERVICE								
First Lien Mortgage	45.14%	$3,103	$2.99	$713,579	$713,579	$2.99	$3,103	45.14%
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	8.86%	$609	$0.59	$140,123	$103,688	$0.43	$451	6.56%
AGGREGATE DEBT COVERAGE RATIO				1.20	1.15			
RECOMMENDED DEBT COVERAGE RATIO				1.20				

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)		3.80%	$3,334	$3.21	$766,750	$766,750	$3.21	$3,334	3.64%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		8.51%	7,461	7.18	1,716,000	1,716,000	7.18	7,461	8.16%
Direct Construction		49.33%	43,271	41.66	9,952,314	10,982,760	45.97	47,751	52.20%
Contingency	5.00%	2.89%	2,537	2.44	583,416		0.00	0	0.00%
General Req'ts	6.00%	3.47%	3,044	2.93	700,099	885,960	3.71	3,852	4.21%
Contractor's G & A	2.00%	1.16%	1,015	0.98	233,366	295,320	1.24	1,284	1.40%
Contractor's Profit	6.00%	3.47%	3,044	2.93	700,099	885,960	3.71	3,852	4.21%
Indirect Construction		4.84%	4,241	4.08	975,480	975,480	4.08	4,241	4.64%
Ineligible Costs		5.88%	5,156	4.96	1,185,967	1,185,967	4.96	5,156	5.64%
Developer's G & A	2.00%	1.54%	1,353	1.30	311,304		0.00	0	0.00%
Developer's Profit	13.00%	10.03%	8,798	8.47	2,023,479	2,439,268	10.21	10,606	11.59%
Interim Financing		3.49%	3,063	2.95	704,446	704,446	2.95	3,063	3.35%
Reserves		1.59%	1,398	1.35	321,455	200,000	0.84	870	0.95%
TOTAL COST		100.00%	$87,714	$84.44	$20,174,175	$21,037,911	$88.06	$91,469	100.00%
Recap-Hard Construction Costs		*68.83%*	***$60,371***	***$58.12***	***$13,885,294***	***$14,766,000***	***$61.81***	***$64,200***	*70.19%*

SOURCES OF FUNDS

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	55.31%	$48,517	$46.71	$11,159,000	$11,159,000	$11,159,000	Developer Fee Available
GIC Income	0.50%	$435	$0.42	100,000	100,000		$2,423,477
HTC Syndication Proceeds	41.57%	$36,464	$35.10	8,386,627	8,386,627	8,386,627	% of Dev. Fee Deferred
Deferred Developer Fees	6.90%	$6,053	$5.83	1,392,284	1,392,284	1,492,284	62%
Additional (Excess) Funds Req'd	-4.28%	($3,755)	($3.62)	(863,736)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$20,174,175	$21,037,911	$21,037,911	$4,148,273

Applicant Evaluation

Project ID # **05436** Name: **Costa Valencia** 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: 11

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

in noncompliance: 0

Projects grouped by score: zero to nine: 11; ten to nineteen: 0; twenty to twenty-nine: 0

monitored with a score less than thirty: 11

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 Lucy Trevino Date 10/26/2005

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	Audrey Martin	Reviewer	Paige McGilloway	Reviewer	
Date	10/19/2005	Date	10/19/2005	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	10/26/2005

Executive Director: __________ **Executed:** __________

MULTIFAMILY FINANCE PRODUCTION

BOARD ACTION REQUEST
November 10, 2005

Action Items

Final Housing Tax Credit Program Qualified Allocation Plan and Rules.

Required Action

1. Adoption of Repeal of Title 10, Part 1, Chapter 50- 2004 Housing Tax Credit Program Qualified Allocation Plan and Rules

2. Adoption of New Title 10, Part 1, Chapter 50 – 2006 Housing Tax Credit Program Qualified Allocation Plan and Rules

Background

At the August 19, 2005, Board Meeting, the Board approved the Proposed New Title 10, Part 1, Chapter 50 – 2006 Draft Housing Tax Credit Program Qualified Allocation Plan and the proposed repeal of the Title 10, Part 1, Chapter 50 - 2004 Housing Tax Credit Program Qualified Allocation Plan and Rules for public comment. The proposals were published in the *Texas Register* on September 2, 2005, for the public to provide comments. In order to receive additional comments on all proposed rules, the Texas Department of Housing and Community Affairs staff held public hearings in the cities of Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland and El Paso. 97 people attended these hearings.

There was no comment on the proposed repeal.

Reasoned Response to Public Comment on the 2006 Draft Qualified Allocation Plan (QAP)

The Department received the majority of comments in writing by email, fax and mail. This document provides the Department's response to all comments received. The comments and responses include both administrative clarifications and corrections made to the QAP by staff, as well as substantive comments on the QAP and the corresponding Departmental response. (Comment and responses are presented in the order they appear in the QAP. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected in the Addendum). Copies of the exact comment letters provided are available on the Department's website.

§50 – General – (2,8,9,10,11,12,14,18,19,20,21,25,26,27,28)
Comment:
Substantial comment asks that the Board consider creating a subcommittee with responsibility over the Qualified Allocation Plan. Comment suggested that the time element for getting a QAP approved is very restrictive and Board involvement "sooner rather than later" may be valuable (2,8,9,10,11,12,14,19,25,26,27).

Comment was received from an official from the City of Fort Worth requesting that the draft QAP remain consistent with the 2005 QAP. This next cycle is going to be very, very important to the City of Fort Worth, with the City of Dallas having a moratorium on their housing tax credits according to the commenter; therefore, it is important that municipal officials understand the complete nature of the program (18).

One comment from the National Housing Trust asserts that the first step to resolving America's affordable housing problem is to preserve the affordable housing we already have. While the demand for affordable rental housing remains high, the supply of this housing is shrinking. In Texas alone, approximately 19,300 HUD-assisted apartments were lost between 1995 and 2003. At this time 385 project-based Section 8 properties with 31,796 assisted units will expire in Texas before the end of Fiscal Year 2009. In the wake of Hurricane Katrina, preservation is especially important. Comment further commends TDHCA on its successful efforts to preserve and improve existing, affordable housing in Texas (21).

Comment also request that, when feasible, green technologies and methods should be integrated into rehabilitation in order to improve energy efficiency, conserve water and other resources, and use healthy building materials. These types of improvements benefit both residents and property owners through utility savings and lower maintenance costs, result in long-term sustainability, and provide residents with a better and healthier living environment (21).

Other comment asserts that all federal housing programs, including the tax credit program, must further the national policy of integrated housing by considering the racial and socio-economic impact of their funding decisions and that TDHCA is not furthering this policy in its rules. Multiple sources of law were referenced to indicate that TDHCA is obliged to affirmatively further the policies of Title VIII by promoting racial integration and collecting data to permit it to assess its compliance with anti-discrimination housing laws. The commenter notes that a significant majority of the QAP provisions are dictated by state legislation, and TDHCA has very little authority to alter the statutory provisions. However, comment asserts that as an entity that receives and distributes federal funds, TDCHA is required to act affirmatively to end racial segregation and to stem the tide of urban "ghettoization" (20).

Staff Response:
Staff appreciates the commendation relating to Department efforts in preservation and energy efficiency. As it relates to the comment suggesting that the Draft QAP remain consistent with the 2005 QAP, staff agrees and has worked to limit significant changes to enable applicants to feel some sense of continuity between the 2005 and 2006 rules. Regarding the comment received requesting that TDHCA's Board create of a subcommittee with responsibility over the QAP, staff recommends no change to the QAP because the creation of a subcommittee is at the Board's discretion and is not an item that would require language be added to the QAP for it to be accomplished. Staff also does not recommend any changes relating to fair housing or anti-discrimination because efforts and incentives to address these issues are already included in the QAP.

Staff has also administratively deleted the term “transitional” as a target population throughout the QAP (because the points for this population had been removed), unless specifically relating to the use of the term under §42(i)(3)(B)(iii) of IRS Code. In cases where the term remains in the QAP, this section of the Code is now referenced. Additionally, staff added, “Intergenerational Housing” as a specific population served throughout the QAP consistent with the inclusion of that term in the Draft QAP. These changes are highlighted as blackline changes in the QAP, but are not shown throughout this document.

§50.2 – Coordination with Rural Agencies (24), Page 3 of 66

Comment:

Comment supports the efforts of the Agency to coordinate its programs with other rural agencies, especially the Rural Housing Service, United States Department of Agriculture (24).

Staff Response:

Staff appreciates the positive feedback.

§50.3(13) – At-Risk (28), Page 4 and 5 of 66

Comment:

Comment recommends, without a stated rationale, changing the definition of At-Risk to remove the term “nearing expiration” in subclause (i) and the clarifying language that defines what “nearing expiration” means and remove the term “or is nearing the end of the mortgage term” in subclause (ii) and the clarification that defines “nearing the end.”

Staff Response:

Staff does not recommend any revisions to the definition of At-Risk because the current language is necessary to ensure consistency in administering the set-aside.

§50.3(22) – Community Revitalization Plan (2,6,8,9,10,11,12,14,25,26,27,30), Page 5 of 66

Comment:

A significant amount of comment was received asserting that the 7 points for the rehabilitation of a building within a community revitalization plan in the draft 2006 QAP have become much more difficult to achieve. Many communities have official plans, but their revitalization needs are outlined as part of a greater land use plan and they do not have a tool called a “Community Revitalization Plan.” Comment suggests that the 2005 language be used again instead of the 2006 draft language (2,6,8,9,10,11,12,14,25,26,27).

Further comment points to the requirement that the draft definition requires the plan to target funds to specific geographic areas. In some communities, such a policy could be found to be in violation of the intent of Fair Housing laws and encourages clustering of low-income housing in certain areas of a town or city. A city or county HUD-approved “Community Revitalization Plan” that encourages the development of low-income housing throughout the city should be given just as much credence as a plan that designates specific areas for low-income housing. It is requested that the language barring plans that preclude an entire town or city as a geographic area to be served by low-income housing from this definition be removed (30).

Staff Response:

While the Department appreciates that some city or county documents will not qualify for points requiring Community Revitalization Plans, staff does not agree that it would be prudent to revert to using an undefined term. Defining the term provides less subjectivity for administrative reviews and provides clear requirements for the applicant community. No deletion of the definition is recommended. However, staff does agree that the term should not preclude an entire town or city as a geographic area. Therefore, staff recommends the following language which removes the requirement for local funds and allows an entire town or city as a geographic target area:

> “(22) **Community Revitalization Plan**--A published document, approved and adopted by the local governing body by ordinance or resolution, that targets specific geographic areas for low-income residential Developments (serving residents at or below 60% of the area median income).”

§50.3(49) – Definitions – Ineligible Building Types (2,8,9,10,11,12,13,14,19,22,25,26,27,28,30), Page 7 of 66

Comment:

Substantial comment commends the Board and staff for the revised compromise definition which allows developers greater flexibility and latitude in determining a proper unit mix based on local need, including an option for 4 bedrooms. This is particularly important in the border regions where a need for 2, 3 and 4 bedroom units has been identified. Additionally, to address the needs of those displaced by Hurricane Katrina, three and four bedroom units are in high demand (2,8,9,10,11,12,13,14,19,22,25,26,27,30). One comment also recommends allowing up to 10% of the units as 4 bedroom units; however it should be noted that this comment was made before the draft QAP allowing 5% was released (28).

Staff Response:

Staff appreciates the positive feedback relating to the revised definition. While Staff appreciates the arguments for 10% of the units as 4 bedrooms, the Department's Board has indicated that the draft language provides for appropriate unit mixes. Therefore, staff recommends no change. However, an administrative change was made to clarify the wording of the Intergeneration Housing Policy in the definition with the following change:

"(H) Any Development that includes age restricted units that are not consistent with the Intergenerational Housing definition and policy or a Qualified Elderly Development."

§50.3(60) – Definitions - Persons with Special Needs (2,6,8,9,10,11,12,14,15,19,25,26,27), Page 8 of 66

Comment:

Substantial comment requests an amendment to this section to address the housing needs for the many Katrina evacuees. It is requested that the Definition of Persons with Special Needs be amended to include individuals and families displaced as a result of Hurricane Katrina (2,6,8,9,10,11,12,14, 15,19,25,26,27).

Staff Response:

Staff concurs with the recommendation, although it recommends less restrictive language as follows:

"(60) **Persons with Special Needs--**Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations, migrant farm workers, and populations identified as impacted by federal or state declared disasters."

§50.3(73) – Definitions – Rehabilitation (3), Page 10 of 66

Comment:

Comment refers to the last sentence in the Rehabilitation definition that states adding a housing unit is considered New Construction. In effect, for rural applications this means that if a unit is added, the project is limited to 76 units and no new units can be added to potentially aid with tenant relocation during rehabilitation. Comment suggests that the definition of Rehabilitation be revised to either delete the last sentence in the definition of Rehabilitation or to add an exception to Rehabilitation projects that add new units to exceed 76 units in rural communities if the additional housing units are supported by a market study (3).

Staff Response:

Staff does not recommend a change to this definition. The restriction in rural areas to 76 units or less for developments involving new construction has been strongly supported over the years. Additionally, this change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.3(73) – Definitions – Rural Area (30), Page 10 of 66

Comment:

Comment does not believe that the Department's acceptance of the "Section 516 Farm Labor Housing Grants for Off-Farm Housing" program into paragraph (C) of this definition meets the intent of the statute. The program is not limited to areas typically defined by USDA as rural. It is commented that these awards in metropolitan areas, as determined by the Department, fall under the Rural allocation and take credits away from other developments located in rural areas. Comment requests that the Department disallow Section 516

Housing developments unless they are built in an area of the state that is generally eligible for other funding by the Texas Rural Development (TX-USDA-RHS) Office (30).

Staff Response:

Staff recommends no change. The definition for a Rural Area as defined in §2306.6702 of the Texas Government Code indicates that a Rural Area includes "an area eligible for new construction or rehabilitation funding by TX-USDA-RHS." This language does not exclude any RHS programs. In considering this comment, staff found no support that any TX-USDA-RHS program was intended to be excluded from the legislated definition. In fact, since many of the other RHS programs are consistent with the definition, it appears it was intentional to include all RHS programs. Therefore, staff's determination is that any application which could provide evidence that it is a recipient of RHS funding meets the definition for a Rural Area as recommended by staff.

§50.3(87) – Definitions – Unit (15), Page 11 of 66

Comment:

Comment requests clarification of what square footage qualifies for a 4 bedroom loft or studio and points to the fact that the square footages conflict with the selection criteria in §50.9(i)(4), suggesting that they should match (15).

Staff Response:

Staff concurs with this comment and recommends the following language:

"(87~~1~~) **Unit**--Any residential rental unit in a 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. (2306.6702) For purposes of completing the Rent Schedule for loft or studio type Units (which still must meet the definition of Bedroom), a Unit with 649 square feet or less is considered an efficiency unit, a Unit with 650 to 899 square feet is considered not more than a one-bedroom Unit, a Unit with 900 to 999 square feet is considered not more than a two-bedroom Unit, a Unit with 1000 to 1199 square feet is considered not more than a three-bedroom Unit, and a Unit with 1200 square feet or more is considered a four bedroom unit."

§50.5(a)(10)– Ineligibility (2,6,8,9,10,11,12,14,19,20,25,26,27), Page 13 of 66

Comment:

This item requires that a local resolution of support is needed if the application is located in a census tract that has in excess of 500 units supported by tax credits. Substantial comment suggests deletion of this item because this is unfair to all applicants in these areas and housing development should be based on need and not arbitrary tests of location (2,6,8,9,10,11,12,14,19,25, 26,27). One comment supports the draft language because it affirmatively furthers fair housing with the caveat that TDHCA should amend the draft language to exempt bond and 4% applications that have already received a bond reservation prior to the effective date of the new QAP (20).

Staff Response:

While the Department does support any reasonable and narrow efforts to ensure dispersion, it has been determined that the Department's underlying data relating to census tracts is not sufficiently refined due to changes in census tracts over the past 17 years. Therefore, in order to ensure that no item of ineligibility under this section would require any unwarranted termination caused by the unrefined data, staff recommends that this subparagraph be deleted. However, it should be noted that staff does continue to support efforts to ensure dispersion and will recommend this or similar language for the 2007 QAP.

§50.5(a)(11)– Ineligibility (2,6,8,9,10,11,12,14,19,20,25,26,27), Page 13 of 66

Comment:

Comment believes that this rule is unfair and the practical elimination of any new construction in regions 3,6,7 or 9 because city council approval would be limited and are required by this proposal. Given the hurricane evacuee displacement to these major markets and the high occupancies now being experienced in affordable developments in these markets, it is inadvisable to have a practical prohibition on new construction in these areas and it should be deleted. This would be the most devastating proposed change to the QAP (2,6,8,9,10,11,12,14,19,20,25,26,27).

Staff Response:
Staff appreciates the significant comment received and recognizes the significant negative impact this restriction will have. Therefore, staff recommends the deletion of the proposed language.

§50.6(d) – Credit Amount (28), Pages 15 and 16 of 66
Comment:
Comment recommends altering the $2 million tax credit cap to allow housing authorities to count pro rata on a unit/credit basis toward their $2 million cap. The following language is recommended to be added, "This provision does not apply to housing authorities as only those units that are reserved for public housing will count toward the $2 million developer cap for housing authorities (28)."
Staff Response:
Staff recommends no change to this section. This change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.6(f) – Limitation on the Location of Developments (7,28), Page 16 of 66
Comment:
Comment recommends increasing the one mile rule to three miles for senior developments, and exempting At-Risk deals from the one mile rule while making bond-financed developments comply with the one mile rule (7,28).
Staff Response:
Staff recommends no change. This rule is based on statute and the Department has no authority to make this change.

§50.6(g) – Rehabilitation Costs (2,8,9,10,11,12,14,25,26,27,28,30), Page 16 of 66
Comment:
Substantial comment suggests that TDHCA should work to encourage rehabilitation, and the mandatory minimum of $12,000 will do the opposite in cases where the development warrants significant rehabilitation, but does not warrant such a high level. Comment suggests adding that the $12,000 be considered met if a Property Condition assessment states it can be done for less (2,8,9,10,11,12,14,25,26,27). One comment supports the increase to $12,000 because it will further ensure that projects actually undergo some substantial rehabilitation, as opposed to nothing more than painting or other minor cosmetic work being done on existing buildings (30). An additional comment, received prior to the release of the draft QAP, encouraged increasing the rehabilitation cost minimum to $10,000 per unit (28).
Staff Response:
Staff recommends no change. Consistent with national trends and other housing finance agencies, analysis confirms existing rehabilitations generally exceed the $12,000 limit unless they are USDA-RHS which are already exempt from this requirement. The Department, as a policy, wants to ensure a thorough and significant rehabilitation as it contributes resources.

§50.7(a) – Regional Allocation Process (30), Page 17 of 66
Comment:
Comment supports the changes being proposed by staff that will require a TX-USDA-RHS deal to file a notification of "Intent to Request Tax Credits" by the pre-application deadline. This requirement will allow the development community to make better decisions about applying for projects in the regional areas of the state without spending tremendous amounts of money, time and effort chasing deals in rural areas that really have no chance of being funded (30).
Staff Response:
No change is recommended. Staff appreciates the positive feedback.

§50.7(b) – Set-Asides (2,6,7,8,9,10,11,12,14,20,25,26,27,28), Page 17 of 66
Comment:
One comment was submitted requesting that the State contemplate transferring 5% of credits from the other 12 regions to Beaumont and Port Arthur to offset potential costs due to Hurricane Rita. The comment also suggests that TDHCA ask for federal approval to donate an additional 5% of our tax credits to Louisiana. The

net effect would add about 24% to the overall credits available in Louisiana, enough to allow them to do about 400 more units of affordable housing, and would increase the credits available in Beaumont/Port Arthur by almost 150% (20).

Substantial comment requested establishing “Exurban” Set-Asides. Regions 3, 6, 7, and 9 have sufficient allocation to support an exurban Set-Aside and a 10% Set-Aside in these four regions would ensure that at least one exurban project in each of these regions would be funded. However, in the other nine regions an exurban Set-Aside of 10% would prompt the same criticism that accompanies the At Risk Set-Aside where a single project takes 100% of the funds, far exceeding the 15% amount. An alternative suggestion is to maximize the number of credits that can go to an Urban area in Regions 3, 6, 7, and 9 so that it could require that no more than a certain percentage of the funds in these Regions go to Urban Projects (2,6,8,9,10,11,12,14,25,26,27).

Additional comment supports TDHCA giving special attention through Set-Asides (At-Risk and Elderly) because many projects would otherwise be overlooked and not funded, thus creating greater disparity in housing (7). One comment recommends the creation of a Set-Aside for non-rural areas where there has been no tax credit development in the past and where said areas have an income over the area median family income in an effort to integrate affordable housing into existing neighborhoods (28).

Staff Response:

Staff does not recommend any changes to this section. In regards to comment requesting establishing exurban and non-rural set-asides, this change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur. Additionally, staff does not agree that the Department should transfer any credits to offset national and state disasters because it is more appropriate to await the federal response to be generated for hurricane relief. Staff appreciates positive feedback relating to the At-Risk set-aside. However, it should be noted that, contrary to comment, there is no elderly set-aside in the draft QAP.

§50.7(b)(1) – Nonprofit Set-Aside (10,11,12,22, 28,30), Page 17 of 66

Comment:

Several comments suggest allowing housing agencies to compete in the Nonprofit Set-Aside without the requirement that the nonprofit retain 80% of the developer fee because for small-to-medium housing agencies it is necessary to find a development partner who has experience in the tax credit industry. These agencies do not have the staff resources to complete an application and continue the development process on their own (10,11,12).

Another comment also opposes the proposed language because it limits the number of nonprofits that will be able to participate in the HTC program; the language will only benefit a handful of the best capitalized nonprofits around the state. Many nonprofit groups do not have the capability to provide the financial guarantees necessary to develop large housing projects; however they do benefit significantly in a partnership with an experienced co-developer (22).

Another comment supports the change because it defines the Managing General Partner in a way that clearly states the level of involvement for the nonprofit in the development process. Further, it is suggested that the Set-Aside be only for 100% nonprofit applications and that all applications involving joint ventures be considered in the general application pool (28).

Another comment requests further clarification regarding consulting fees. The proposed language requires that applications in the nonprofit set-aside allow at least 80% of the developer fees to go to the non-profit applicant, but it is unclear as to whether or not the nonprofit applicant will be allowed to pay out consulting fees that amount to greater than 20% of the developer fees. If this is the intent of the change, comment requests that language be added to that affect. If this is not the intent, comment requests further clarification to that affect, as currently the Real Estate Analysis division considers all consulting fees part of the developer fee for underwriting, carryover and cost-certification purposes (30).

Staff Response:
Much of the comment recommended the deletion of the proposed requirement that 80% of the developers fee be provided to the nonprofit in order to compete in the nonprofit set-aside as it may exclude some nonprofits with lesser experience. Based on this rationale, and the Department's efforts to guarantee that no types of nonprofits are excluded, staff recommends the deletion of the language and recommends reverting to the 2005 language.

§50.7(b)(2) – At-Risk Set-Aside (5, 21), Page 17 of 66
Comment:
One commenter requested that if there is an At-Risk applicant in a region that would receive preference over another application that this be made known at the start of the process so that agencies won't spend the time and money to put together a competitive application (5). Additional comment received from a national organization applauds TDHCA on the specific Set-Aside for the preservation of at-risk affordable housing, and encourages this Set-Aside in the 2006 and future rules (21).
Staff Response:
Staff recommends no change. Staff is already recommending the proposed comment in the current draft QAP. Staff appreciates the positive feedback as it relates to preservation.

§50.8(d)(3) – Pre-Application Threshold Criteria (Administrative change), Page 18 of 66
Staff Response:
Staff has added administrative changes to the draft language so that a certification is acceptable evidence for this section which relates to the pre-application notification process. The language was changed as follows:

> "(3) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Notifications under subparagraph (B)(i) of this paragraph must be made by the deadlines described in that clause; notifications under subparagraphs (B)(ii) - (ix) of this paragraph must be made prior to the close of the Pre-Application Acceptance Period. (2306.6704) Evidence of notification must meet the requirements identified in subparagraph (A) of this paragraph to all of the individuals and entities identified in subparagraph (B) of this paragraph. Evidence of such notifications shall include a certification in the format provided by the Department that ~~copy of the exact letter and other materials that were sent to the individual or entity, a sworn certified affidavit stating that they~~ the Applicant made the notifications to all required individuals and entities in the format provided by the Department on or before ~~prior to~~ the deadlines ~~and a copy of the entire mailing list (which includes the names and addresses) of all of the recipients~~. ~~(2306.6705)~~ (2306.6704)"

§50.8(d)(3)(B) – Pre-Application Threshold Criteria Notification Requirements (2,4,6,8,9,10,11,12,14,15,19,20,22,25,26,27,28,31), Page 19 of 66
Comment:
Significant comment throughout the state requests that the requirement to identify and notify "other impacted neighborhood associations" as indicated under this section be omitted. This is too vague and not required under the statute (2,6,8,9,10,11,12,14,19,22,25,26,27,31). Similarly, "other impacted neighborhood organizations" could be organizations for areas of a town substantially far from the development and that any organization, no matter how far away, can claim to be impacted. If the language remains in the 2006 QAP, it is requested that there be clarification as to how to identify these neighborhood organizations and from whom they would be requested (4, 15).

Comment was also received that asserts that notification provisions in the QAP contravene any move to decentralize affordable housing into the suburbs. The effect of the notification provisions is to facilitate negative support from neighborhoods organizations that do not want affordable housing in their neighborhoods and to galvanize opposition to affordable apartment developments, particularly in affluent neighborhoods. It was suggested that the notice requirements violate the Fair Housing Act (20). Comment was also received that recommends using the language from H.B. 1167 regarding notification of neighborhood organizations. Neighborhood organizations should be registered with the state by December 31st (28).

Staff Response:
Staff does not recommend the language from H.B. 1167 regarding the notification of neighborhood organizations. The language as drafted ensures that current statutory requirements are met and that all neighborhood organizations that are on record with the city or county are notified up to the final application submission. Staff appreciates the extensive comment received relating to "other impacted neighborhood organizations" and recommends the deletion of the language throughout the Draft QAP relating to this item to improve the clarity of the requirement. Staff also has added administrative changes to the draft language so that a certification is acceptable evidence for all of this section and to clarify the requirements for neighborhood organizations' notifications [note, the deletions and administrative additions apply to both this section and the notification requirements at full application in §50.9(h)(8).]

"(i) Neighborhood Organizations on record with the state or county. Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. ~~Notification to Local Elected Officials for Neighborhood Organization Input~~. Evidence in the form of a certification must be provided that a letter requesting information on neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site and meeting the requirements of "~~Local Elected Official Notification~~Neighborhood Organization Request" as outlined in the Application was sent no later than December 20, 2005~~2004~~ to the local elected official for the city or if located outside of a city, then the county where the Development is proposed to be located. If the Development is located in a jurisdiction that has district based local elected officials, or both at-large and district based local elected officials, the request~~notification~~ must be made to the city council member or county commissioner representing that district; if the Development is located in a jurisdiction that has only at-large local elected officials, the request~~notification~~ must be made to the mayor or county judge for the jurisdiction. ~~A copy of the reply letter or other official third-party documentation from the local elected official must be provided.~~ For urban/exurban areas, entities identified in the letter from the local elected official whose boundaries include the proposed Development and whose listed address has the same zip code as the zip code for the Development must be provided with written notification~~, and evidence of that notification must be provided~~. If any other zip codes exist within a half mile of the Development site, then all entities identified in the letters with those adjacent zip codes must also be provided with written notification~~, and evidence of that notification must be provided~~. For rural areas, all entities identified in the letters whose listed address is within a half mile of the Development site must be provided with written notification~~, and evidence of that notification must be provided~~. If the Applicant can ~~provide evidence~~ certify that there are no neighborhood organizations ~~proposed Development is not located within the boundaries of an entity~~ on a list from the local elected officials which are required to be notified pursuant to this subsection, then such ~~evidence~~ certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by January 1, ~~2005~~2006, (or For ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application) then the Applicant must submit a statement attesting to that fact. If an Applicant has knowledge of any neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site, the Applicant must notify those organizations. ~~The Applicant must also certify that any organizations in a response letter that are not notified do not contain the proposed Development site within their boundaries.~~ In the event that local elected officials refer the Applicant to another source, the Applicant must also request neighborhood organizations from~~notify~~ that source in the same format~~and request the same information~~. If the Applicant has no knowledge of neighborhood organizations within whose boundaries the Development is proposed to be located, the Applicant must attest to that fact in the format provided by the Department as part of the Application."

§50.9(c) – Adherence to Obligations (2,8,9,10,11,12,14,19,25,26,27), Pages 20 and 21 of 66
Comment:
Substantial comment suggests that, while it is rare, sometimes an applicant may deliver a product that is significantly different from that proposed. In this case, language should be added to this section that would result in one-year debarment, a fine imposed equal to ten percent of the amount of the annual credit allocation allocated, and the applicant must submit a plan to incorporate additional amenities to compensate the tenants for the deficiency which could be approved at the staff level (2,8,9,10,11,12,14,19,25,26,27).

Staff Response:
The Department concurs that a penalty should be applied to applicants that make significant variations from their proposed product without prior Department approval. While the following proposed language does not mirror exactly what comment suggested, staff is recommending a proposed penalty that we feel is sufficient and can be smoothly administered. Because this clause was not included in the draft QAP, it is now recommended to be included to essentially "give notice" to the applicant community that this will become the policy in the future, but reflects that it will not become effective until December 1, 2006.

"(c) **Adherence to Obligations.** (2306.6720, General Appropriation Act, Article VII, Rider 8(a)) All representations, undertakings and commitments made by an Applicant in the application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, shall be deemed to be a condition to any Commitment Notice, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment Notice, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. Effective December 1, 2006 (meaning this does not apply to amendments received prior to this effective date and does not apply to 2006 Tax Credit Applications), if a Development Owner does not produce the Development as represented in the Application and in any amendments approved by the Department subsequent to the Application, or does not provide the necessary evidence for points received for the Commitment of Development Funding by Local Political Subdivisions by the required deadline (unless granted an extension by the Department):

(1) the Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) the Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score by ten points for applications for tax credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was identified by the Department; and

(B) prohibit eligibility to apply for tax credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for 12 months from the date that the non-conforming aspect, or lack of financing, was identified by the Department."

§50.9(f) – Evaluation for Rural Rescue Applications Under the 2007 Credit Ceiling (16,24), Pages 23 and 24 of 66

Comment:
One comment requests that staff consider expanding the rural rescue program to the distressed HOME loan tax credit projects around the state. This would give one more potential tool for solving problems (16). Comment also commends the Department for maintaining the rural rescue policy. It is strongly encouraged that the policy be enhanced by using forward commitments against each total regional allocation for the following year for properties that obtain a commitment under the rural rescue procedure. This enhancement would be consistent with the treatment of other forward commitments issued by the Department (24).

Staff Response:
Staff appreciates the positive feedback regarding the rural rescue policy. Staff does not recommend a change to this section to expand rural rescue to HOME developments because HOME developments are under a different set of rules compared to USDA applications and should have the time available to compete in the 2006 HTC round. Based on the feedback of the rural development community, Section VI of the Rural Rescue Policy (also on the November 2005 Board agenda) has been revised to reflect that the Rural Rescue applications will still be deducted from the Rural Regional Allocation for the following year, but will not be deducted from the USDA Allocation. This will enable several more USDA applications to compete for credits during the 2007 application round.

§50.9(g) – Experience Pre-Certification (28,30), Page 24 of 66
Comment:
Comment supports the current draft language that allows less-experienced organizations to qualify for tax credits by adding a new percentage requirement for smaller tax credit allocations (28). Comment also suggests that the threshold for the builder's or developer's experience requirement should include a required 50 houses registered with the Texas Residential Construction Commission (TRCC). As an active participant in the development of the enabling legislation for the creation of the TRCC, the commenter believes that residents of low-income housing built with TDHCA funds should receive the benefits of the TRCC Act by barring anyone from TDHCA programs who is not in good standing with the TRCC (30).
Staff Response:
Staff recommends no change to this section. This change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.9(h)(4)(A)(ii)(XX) – Threshold Criteria – Certification of Amenities (17), Pages 25 of 66
Comment:
Comment was received requesting in a broader array of recreational amenities for amenities offered to Qualified Elderly Developments to potentially include lawn bowling, croquet courts, or bocce ball courts (29).
Staff Response:
Staff concurs with comment and recommends the following changes to the QAP:

"(XX) Horseshoe, Lawn Bowling Courts, Croquet Courts, Bocce Ball Courts, Putting Green or Shuffleboard Court--Only Qualified Elderly Developments Eligible (1 point);"

§50.9(h)(4)(F) – Threshold Criteria – Architect Certification (29), Pages 27 and 28 of 66
Comment:
Comment was received from the Texas Society of Architects which suggests that the QAP seems to mistake the responsibilities of architects for those of contractors. While architects are solely responsible for designing buildings in conformity with the laws of Texas, their responsibility during the construction phase of the project is markedly different. Once the architectural plans and specifications are prepared, the contractor is responsible for implementing the construction of those plans and specifications. Therefore, comment implies that this section of the QAP should be changed so that the architect is certifying the designs and specifications of the buildings, but not the proper completion of the development. A post-application form may be submitted by another architect when the buildings are placed in service indicating that the buildings are compliant with the QAP (29).
Staff Response:
Staff concurs with comment and recommends the following changes to the QAP:

"(F) Pursuant to §2306.6722, any Development supported with a housing tax credit allocation shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from an accredited architect or Department-approved third party accessibility specialist, that the Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C and this subparagraph. This includes that for all New Construction Developments, a minimum of five percent of the total dwelling Units or at least one Unit, whichever is greater, shall be made accessible for individuals with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with sections 3–8 of the Uniform Federal Accessibility Standards (UFAS), shall be deemed to meet this requirement. An additional two percent of the total dwelling Units, or at least one Unit, whichever is greater, shall be accessible for individuals with hearing or vision impairments. Additionally, in Developments involving New Construction where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code. (2306.6722 and 2306.6730)"

§50.9(h)(4)(J) – Certification of Not Providing Assistance (2,4,6,8,9,10,11,12,14,15,17,19,22,25, 26,27), Page 28 of 66

Comment:

Please note that a full summary of comment relating to this item is found later in this document in "§50.9(i)(2)(A)(vi) – Quantifiable Community Participation."

Staff Response:

Due to changes recommended later in this document in "§50.9(i)(2)(A)(vi) – Quantifiable Community Participation", staff recommends the following language be added to this section:

"(J) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a neighborhood organization for purposes of subsection 50.9(i)(2) of this title, has not given money or a gift to cause the neighborhood organization to take its position of support or opposition, nor has provided any assistance to a neighborhood organization to meet the requirements under 50.9(i)(2) of this title which are not allowed under that subsection, as it relates to the Applicant's Application or any other Application under consideration in 2006."

§50.9(h)(6)(G) – Threshold Criteria – Site Work Costs (22), Page 29 of 66

Comment:

Comment received requests that the $7,500 limit for site work be raised to a higher amount of between $9,000 and $11,000 to reflect the reality of the condition of current multi-family sites available for development (i.e. need for rezoning and greater due diligence). This amount has not been increased in many years (22).

Staff Response:

Staff does not recommend a change. This safe harbor limit at $7,500 per unit is intended to account for more than the average historical site work cost on a per unit basis. Anything over that amount will still be accepted as long as substantiation for the significantly higher than average site work cost is provided. Relatively few developments exceed this guideline and the additional administrative work required to process the qualified third party verification is considered to be an important safeguard in evaluating costs with difficult site issues.

§50.9(h)(7)(A) (iii)(II)(b)(1) – Threshold Criteria – Evidence of Readiness to Proceed (30), Page 29 of 66

Comment:

Comment supports these changes regarding recognizable costs to be allowed in an identity of interest land transaction, however it suggests that the language go further to specifically allow for increased values due to zoning changes. Currently, if a landowner owns a parcel of land that was zoned Agricultural or Residential when acquired, the acquisition cost plus only basis costs are acknowledged for underwriting, carryover and cost certification purposes. If a land owner chooses to re-zone a parcel of land to apartment or commercial zoning in a desirable part of a city, the current TDHCA policy discourages the landowner from placing that parcel into a tax credit deal because any value added purely from the re-zoning is rejected by the department. Therefore, the current TDHCA policy discourages developers from putting more valuable parcels of land into tax credit deals because the developer cannot realize the true value of the parcel of his/her land in the transaction. This policy is not in the best interest of the program, as many deals are not presented on more valuable parcels of land due to this current TDHCA policy (30).

Staff Response:

Staff does not recommend a change to this section. Cost to the related party seller to rezone the site is allowed as a holding cost that is then added to the original acquisition cost included in the development cost schedule. The contract price between the related party seller and applicant may reflect the perceived value added by the change in zoning; however, for purposes of calculating the gap-based recommended tax credit allocation, total acquisition cost will be calculated based on the proposed language of Section 50.9(h)(7)(A)(iii).

§50.9(h)(8)(A) – Threshold Criteria – Notification Requirements (Administrative Changes), Page 31 of 66

Staff Response:

Staff has added administrative changes to the draft language so that a certification is acceptable evidence for all of this section in a method consistent with pre-application. The language was changed as follows:

"(A) Evidence of notification meeting the requirements identified in clause (i) of this subparagraph to all of the individuals and entities identified in clause (ii) of this subparagraph. Evidence of such notifications ~~shall include a copy of the exact letter and other materials that were sent to the individual or entity~~must be in the form of a certification in the format provided by the Department that the Applicant made the notifications to all required individuals and entities in the format provided by the Department prior to the deadlinesprovided in the Application~~, a sworn affidavit stating that they made all required notifications prior to the deadlines~~ ~~and a copy of the entire mailing list (which includes the names and addresses) of all of the recipients. Proof of n~~Notification must not be older than three months from the first day of the Application Acceptance Period. (2306.6705(a)(9))(2306.6704) If evidence of these notifications was submitted with the Pre-Application Threshold for the same Application and satisfied the Department's review of Pre-Application Threshold, then no additional notification is required at Application, except that re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from Pre-Application to Application or as a result of a deficiency that reflects a total Unit increase of greater than 10%, an increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, family or transitional). For Applications submitted for Tax ExemptTax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notification and proof thereof must not be older than three months30 days prior to the date the Volume III of the Application is submitted."

§50.9(h)(8)(ii)– Threshold Criteria – Notification Requirements (2,4,6,8,9,10,11,12,14,15,19,20, 22,25,26,27,28,31), Page 32 of 66

Comment:

Please see §50.8(d)(3)(B) – Pre-Application Threshold Criteria Notification Requirements, for duplicative comment.

Staff Response:

Staff recommends the following changes based on that comment and administrative changes:

"(i) Neighborhood Organizations on record with the state or county. Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. ~~Notification to Local Elected Officials for Neighborhood Organization Input~~. Evidence in the form of a certification must be provided that a letter requesting information on neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site and meeting the requirements of "~~Local Elected Official Notification~~Neighborhood Organization Request" as outlined in the Application was sent no later than January 15, ~~2005~~ 2006(or for Tax-Exempt Bond Applications or Rural Rescue Applications not later than 21 days prior to submission of the Threshold documentation) to the local elected official for the city or if located outside of a city, then the county where the Development is proposed to be located. If the Development is located in a jurisdiction that has district based local elected officials, or both at-large and district based local elected officials, the request~~notification~~ must be made to the city council member or county commissioner representing that district; if the Development is located in a jurisdiction that has only at-large local elected officials, the request~~notification~~ must be made to the mayor or county judge for the jurisdiction. ~~A copy of the reply letter or other official third-party documentation from the local elected official must be provided.~~ For urban/exurban areas, entities identified in the letter from the local elected official and whose boundaries include the proposed Development whose listed address has the same zip code as the zip code for the Development must be provided with written notification~~, and evidence of that notification must be provided~~. If any other zip codes exist within a half mile of the Development site, then all entities identified in the letters with those adjacent zip codes must also be provided with written notification~~, and evidence of that notification must be provided~~. For rural areas, all entities identified in the letters whose listed address is within a half mile of the Development site must be provided with written notification~~, and evidence of that notification must be provided~~. If the Applicant can ~~provide evidence~~ certify that there are no neighborhood organizations ~~proposed Development is not located within the boundaries of an entity~~ on a list from the local elected officials which are required to be notified pursuant to this subsection, then such ~~evidence~~ certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by February 25, ~~2005~~2006, (or For ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application) then the Applicant must submit a statement attesting to that fact. If an Applicant has knowledge of any neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site, the Applicant must notify those organizations. ~~The Applicant must also certify that any organizations in a response letter that are not notified do not contain the proposed Development site within their boundaries.~~ In the event that local elected officials refer the Applicant to another source, the Applicant must also request neighborhood organizations from~~notify~~ that source in the same format~~and request the same information~~. If the Applicant has no knowledge of neighborhood organizations within whose boundaries the Development is proposed to be located, the Applicant must attest to that fact in the format provided by the Department as part of the Application."

§50.9(h)(8)(B) – Threshold Criteria – Notification Requirements (20), Page 33 of 66
Comment:
Comment asserts that signage requirements contravene any move to decentralize affordable housing into the suburbs. The effect of the signage provision is to facilitate negative support from neighborhoods organizations that do not want affordable housing in their neighborhoods and galvanize opposition to affordable apartment developments, particularly in affluent neighborhoods. It was suggested that the notice requirements violate the Fair Housing Act (20).
Staff Response:
Staff does not recommend a change to this section. Signage is the best method of notifying a community of the proposed development and encourage public participation.

§50.9(h)(9)(D) – Threshold Criteria – National Previous Participation (15), Page 34 of 66
Comment:
One comment suggests that to notify other states, particularly when the involved agency no longer exists, is a burden for an applicant who has not had any activity in that other state for many years. It is suggested that this only be required for transactions during the last ten (no more than fifteen) years (15).
Staff Response:
Staff recommends no change to this section. Prompted by this public comment, staff performed a legal review of §2306.057 of Texas Government Code which requires that a compliance history be performed on all applications. Staff has determined that it does not have the authority to limit the scope of the review to any amount of time. Therefore, the review is only limited to individual states' retention schedules.

§50.9(i) – Selection Criteria – General (2,6,8,9,10,11,12,14,19,20,25,26,27), Pages 38-49 of 66
Comment:
Substantial comment suggests the compression of the scoring range to level the playing field for applications in areas with no neighborhood associations on record. It still follows the legislated order of priority, but by lowering the Community Participation total, it is easier to achieve equity in areas of discretion to the Board. Suggested point changes are as follows (2,6,8,9,10,11,12,14,19,25,26,27).

Selection Item	Points in 2005	Suggested 2006
§50.9(i)(1) – Financial Feasibility	28	20
§50.9(i)(2) – Quantifiable Community Participation	24	18/9/0
§50.9(i)(3) – Income Levels of Tenants	22/20/18/16/14	16/14/12/10/8
§50.9(i)(4) – Size and Quality of the Units	20 (6/14)	15 (3/12)

§50.9(i)(5) –Funding from Local Political Subdivision	18/12/6	14/10/6
§50.9(i)(6) –Support from State Elected Officials	14 (7 each)	12 (6 each)
§50.9(i)(7) – The Rent Levels of the Units	12/10/9/8/7	11/10/9/8/7
§50.9(i)(8) – Cost of the Development by Square Foot	10	10
§50.9(i)(9) – Services Provided to Tenants	8	9

Comment suggests an option “below the line” to offset QCP points might be to award 8 points for applications where there is NO neighborhood association present. In these situations, the applicant could also qualify for the proposed 9 points (previously 12) provided in situations where there is no opposition from a neighborhood association. This section could be changed to simply address support/opposition/no response or neutral. This would allow an application in an area w/o neighborhood associations to achieve 17 points, but not the full 18 for Neighborhood Organization support (2,6,8,9,10,11,12,14,17,19,25,26,27). An alternative option would be to keep the point schedule from the Draft 2006 QAP and award 8 points for applications where there is no neighborhood association present. This would bring applications with no neighborhood associations within 4 points of their competitors with supporting organizations (2,6,8,9,10,11,12,14,17,19, 25,26,27).

Additional comment suggests a point-scoring item for Expired Affordable Properties which would allow a scoring incentive of approximately 5 points for developers to acquire and rehabilitate properties that were previously considered to be affordable (same definition as at-risk), but have already expired (25).

Comment was also received that requests a selection item which would counter balance notification requirements and selection criteria which encourage negative support from neighborhood organizations who do not want affordable housing in their neighborhoods (20).

Staff Response:

Staff recommends no changes to the QAP based on the comment above because this change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur. Additionally, staff is already awarding points to expired affordable developments by awarding points to developments proposed for reconstruction or rehabilitation under (i)(15) of this subsection. Regarding comment received requesting a selection criteria item that would counter balance notifications requirements and negative support, staff does not have the authority to contravene legislation and cannot make the recommended change. An administrative change is recommended because of the scoring changes for QCP addressed below. The language is as follows:

“(i~~g~~) **Selection Criteria.** All Applications will be scored and ranked using the point system identified in this subsection. When applicable, use normal rounding. All Applications, with the exception of TX-USDA-RHS Applications, must score a minimum of 122 points to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: 203~~209~~.”

§50.9(i)(2) – Quantifiable Community Participation, General (2,6,8,9,10,11,12,14,19,20,25,26, 27,28,31), Page 38 of 66

Comment:

As indicated in the General Selection Criteria section (above), substantial comment suggests the compression of the scoring range to level the playing field for applications in areas with no neighborhood associations on record. It is recommended that this section would decrease from the draft QAP’s point value of 24 (+12 for strongest support, 0 for neutral letters or no letter to -12 for strongest opposition) to a recommended value of 18 for strongest support, 9 for neutral or no letter and 0 for the strongest opposition (2,6,8,9,10,11,12,14,19,25,26,27,28).

According to the research of one commenter, 29 out of 33 (88%) of the Urban applications in 2005 were successful on the basis of their QCP scores. Based upon these results they further predict that there will be some very clever "discoveries" of neighborhood organizations in rural allocations in 2006 as well and without some meaningful modifications to the current and proposed rules regarding QCP, the vast majority of successful HTC applications in Texas will be determined almost exclusively by their QCP scores. Comment further questions whether this was the intent of the legislature. Further, the commenter questions if is it fair for the vast majority of rural communities in Texas who do not have legitimate neighborhood organizations to be abandoned by the HTC program (31).

Comment was also received that asserts that point incentives in the QAP for neighborhood support contravene any move to decentralize affordable housing into the suburbs. The points facilitate negative support from neighborhood organizations that do not want affordable housing in their neighborhoods and galvanizes opposition to affordable apartment developments, particularly in affluent neighborhoods. A high level of opposition is not normally seen in the lower income, primarily minority areas and developers choose to avoid higher income areas with opposition. In a typically tight scoring matrix for the award of tax credits, the points provide an institutionalized mean for eliminating affordable housing in certain neighborhoods. It was suggested that the point incentives violate the Fair Housing Act (20).

Comment recommends giving full community participation points to developments where there is no qualified community organization. If a qualified organization exists but does not respond, then the developer should receive full points (28).

Staff Response:

As it relates to affirmatively furthering fair housing, QCP is a legislated requirement and staff cannot remove it as a scoring item. Additionally, while the Department appreciates that a majority of applications who received points in 2005 were in the urban/ exurban allocation, because all rural applications compete with one another and not the urban/ exurban allocations, staff considers the concerns of rural competing with urban/exurban unwarranted. The Department does not feel that it can allow points for QCP if a neighborhood organization does not exist because the statute is clear that these points are for QCP from neighborhood organizations. However, rather than have a range from +12 to -12, staff is recommending a range from +24 to 0. Therefore staff recommends the following language change to this section:

"iii) In general, letters that meet the requirements of this paragraph and

(I) establish three or more reasons for support or opposition will be scored the maximum points for either support (+24 points) or opposition (zero);

(II) establish two reasons for support or opposition will be scored up to +18 points for support or +6 points for opposition;

(III) establish one reason for support or opposition will be scored +13 points for support or +11 points for opposition;

(IV) that do not establish a reason for support or opposition or that are unclear will be scored as neutral (+12 points).

(iv) Applications for which no letters from neighborhood organizations are scored will receive a neutral score of +12 points."

§50.9(i)(2)(A)(ii) – Quantifiable Community Participation (2,6,8,9,10,11,12,14,19,25,26,27), Page 39 of 66

Comment:

Substantial comment requests a "second contact" for the neighborhood organization since many of these associations use a home fax or phone number as contact. (2,6,8,9,10,11,12,14,19,25,26,27).

Staff Response:

Staff concurs with the comment which adds a second contact, which would allow for a faster response time from neighborhood organizations. Therefore, staff recommends the following language:

"(ii) be signed by the chairman of the board, chief executive officer, or comparable head of the organization, and provide the ~~signer's~~ street and/or mailing addresses, phone numbers, and ~~an~~ e-mail addresses and/or facsimile numbers for the signer of the letter and for one additional contact for the organization;"

§50.9(i)(2)(A)(iv) – Quantifiable Community Participation (17,22,28,31), Page 39 of 66
Comment:
Comment suggests allowing resident councils to be recognized if it is rehabilitation or demolition/new construction within their existing boundaries (22). Other comment supports allowing all resident's councils to be considered for the points for this item (28).

Additional comment suggests that a property owners association should qualify for QCP, no matter what the stage of the development of the master-planned community. QCP points for this kind of situation should not be prohibited just because the master-planned community may contain some sort of commercial element or because the community and residences are under development. If the developer is willing to support an affordable housing complex as part of the community, that makes a huge statement. To avoid potential abuse, the QCP points in this scenario should only be permitted if: (1) the developer of the master-planned community is unrelated to the applicant and (2) the proposed affordable housing development will take up no more than 10% of the total land mass of the master-planned community. That way, developers won't create master-planned communities just to give themselves QCP points (15,17).

Comment recommends the language from HB 1167 from the 79th Legislature concerning the boundaries of neighborhood associations in relation to elementary school zones be adopted (28,31). Comment suggests that the use of the language from HB 1167 eliminates the ambiguities in defining what an acceptable Neighborhood Organization is. It also removes the responsibility from staff in determining whether or not a Neighborhood Organization is legitimate. Furthermore, it eliminates the probability that rural communities without legitimate neighborhood organizations will be abandoned because points are not attainable (31).
Staff Response:
Staff does not recommend language that would allow master-planned communities because no "neighbors" live in the development community during the application phase. Thus, "neighborhood" input from organizations whose boundaries include the proposed development site is impossible. Additionally, staff has determined that because HB 1167 did not pass, we are precluded from incorporating the recommended HB1167 language because it violates current legislation. Staff does concur with comment that suggests allowing resident councils to be recognized if it is rehabilitation or demolition with new construction within their existing boundaries. Staff recommends the following language:

"(iv) establish that the organization is a "neighborhood organization." A "neighborhood organization" is defined as an organization of persons living near one another within the organization's defined boundaries that contain the proposed Development site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. "Neighborhood organizations" include homeowners associations, property owners associations, and ~~public housing~~ resident councils (only for Rehabilitation or demolition with New Construction applications in which the council is commenting on the rehabilitation or demolition/ New Construction of~~or~~ the property occupied by the residents). "Neighborhood organizations" do not include broader based "community" organizations; organizations that have no members other than board members; chambers of commerce; community development corporations; churches; school related organizations; Lions, Rotary, Kiwanis, and similar organizations; Habitat for Humanity; Boys and Girls Clubs; charities; public housing authorities; or any governmental entity. Organizations whose boundaries include an entire county or larger area are not "neighborhood organizations." Organizations whose boundaries include an entire city are generally not "neighborhood organizations."

§50.9(i)(2)(A)(v) – Quantifiable Community Participation (28), Page 39 of 66
Comment:
Comment suggests that neighborhood associations should be on file with the county or state as of December 31st of the year preceding the year in which the tax credits will be awarded. If allowable under current statute, organizations on file with the municipality should qualify for notification and scoring purposes as well (31).
Staff Response:
While staff recognizes that the requirements may be confusing, it is statutorily required that an organization be on record with the county or state (not city) in order to potentially qualify as an eligible neighborhood organization for the purposes of this section. Staff does not recommend changes to this section.

§50.9(i)(2)(A)(vi) – Quantifiable Community Participation (2,4,6,8,9,10,11,12,14,15,17,19,22, 25,26,27), Page 39 of 66

Comment:

Substantial comments request clarification that a Developer can provide assistance in the form of educating a neighborhood association as to the process for support (or opposition) and that this can include such nominal forms of assistance as making available a fax or postage or shipping, provided the Developer does not exercise control over the association (2,6,8,9,10,11,12,14,17,19, 25,26,27)**.**

Further comment asserts that the proposed language for this section is too limiting and would not allow neighborhood organizations to obtain necessary information from the applicant when needed. There need to be opportunities for the applicant to provide information about the proposed development on a continuous basis throughout the application process, host neighborhood meetings as needed, provide the TDHCA Quantifiable Community Participation information packet to neighborhood organizations, provide samples of support letters, provide transportation, secretarial services, delivery services, uses of computer, as needed or requested by neighborhood organizations (22).

Other comment requests that the prohibition of providing assistance to a neighborhood organization be removed because neighborhoods are very sensitive to HTC developments and often many meetings are required with board members and then neighborhood members. Convincing a group to support an HTC development requires charts, handouts, explanations of the process and sometimes making changes to the development to satisfy the organization's requested changes. Generally the neighborhood organizations are unsophisticated and do not have counsel (4). Without applicant assistance, very few neighborhood organizations will positively respond and even fewer will respond to deficiency letters, a result not intended with the selection criteria points. Perhaps the phrase needs to be couched in terms of Applicant not being allowed to give assistance that personally benefits any individual(s), however assistance that benefits the neighborhood organization is not a prohibited activity (15).

Staff Response:

Staff recognizes that this process will be more successful if the Department allows some involvement with neighborhood organizations, while not encouraging improper conduct as it relates to seeking out points for QCP. Staff recommends the following language for this section:

"(vi) accurately state that the neighborhood organization was not formed by any Applicant, Developer, or any employee or agent of any Applicant in the ~~2005~~2006 tax credit Application Round, that the organization and any member did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition, and has not provided any assistance other than education and information sharing to the neighborhood organization to meet the requirements of this subparagraph for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization, or referring the neighborhood organization to TDHCA staff for guidance). Applicants may not provide any "production" assistance to meet these requirements for any application in the Application Round (i.e. the use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter for the purposes of this subparagraph)."

§50.9(i)(2)(A)(viii) – Quantifiable Community Participation (2,6,8,9,10,11,12,14,19,25,26,27), Page 40 of 66

Comment:

Substantial comment objects to the requirement that Neighborhood Associations submit bylaws. The State of Texas does not require an organization to have bylaws and many of the smaller, less sophisticated Neighborhood Associations do not have bylaws. It should be sufficient to ask a Neighborhood Association to produce its organizational documents in whatever form they exist. (2,6,8,9,10,11,12,14,19,25,26,27).

Staff Response:

Staff concurs with the comment and recommends the following language:

"(viii) include the organization's articles of incorporation and/or bylaws and/or organizational documents created on or before March 1, 2006, that, at a minimum, identify the boundaries of the organization, identify the officers of the organization and clearly indicate the purpose of the organization."

§50.9(i)(2)(C) – Quantifiable Community Participation (2,6,8,9,10,11,12,14,19,25,26,27), Page 40 of 66
Comment:
Substantial comment suggests that the Neighborhood Association be given 10, rather than 7, days to respond. These are not businesses, they are informal groups and accommodation needs to be made for a slower pace in responding to requests for information (2,6,8,9,10,11,12,14,19,25,26,27).
Staff Response:
Staff does not recommend a change to the requirement that the neighborhood organizations be given 10, rather than 7, days to respond to Department because the suggested extended deadline would delay the Department's finalization of scores of applications which would correspondingly delay the administration of the Application Round. However, staff believes that because a second contact has been added for neighborhood organizations, the effect will allow for allow for a sufficient response time from neighborhood organizations.

§50.9(i)(4)(B) – Quality of the Units (2,6,7,8,9,10,11,12,14,19,21,22,24,25,26,27,28), Page 41 of 66
Comment:
Comment supports points for masonry on exterior walls, energy efficient alternative construction materials, extra insulation, and Energy Star rated refrigerators and dishwashers. Comment further encourages TDHCA to award points for plans that incorporate water conservation techniques (21). Comment supports fire sprinklers in 100% of the units (7,28). Additional comment suggests keeping current 2005 QAP language regarding ceiling insulation (22). The draft QAP removes the use of thirty year shingles as a scoring component for the quality of units. Additional comment recommends that for rehabilitation developments the 30 year shingles remain as a quality of the unit scoring component. Without this possibility, it will be extremely difficult for rehabilitation developments to achieve a competitive score (24).
Staff Response:
Staff appreciates positive feedback relating to this item. While water conservation techniques are important, this change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur. However, staff does concur that the 30 year shingles remain as a scoring component in an effort to help Rehabilitation developments achieve a competitive score and also agrees that the 2005 language relating to ceiling insulation should be added back into the QAP. Therefore, the following new language is recommended (note that subsequent items are renumbered accordingly):

"(B) Quality of the Units. Applications may qualify to receive up to 14 points. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in clauses (i) - (x~~i~~x) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have at least half of the Units located with a specific amenity to count for points. Applications involving Rehabilitation or single room occupancy may double the points listed for each item, not to exceed 14 points in total.

(x) Thirty year architectural shingle roofing (1 point);

(xvi) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);"

§50.9(i)(5) – Commitment of Funding from a Local Political Subdivision (2,3,4,6,7,8,9,10,11,12,14,15,19,22,24,25,26,27,28), Pages 42 and 43 of 66
Comment:
Substantial comment requests that the date for proving up local funds continue to be at the time of the Acceptance of the Commitment Letter rather than May 1, 2006. Many communities do not commit these funds until June and many are reluctant to commit until they know which applications are actually going to receive tax credits. The May 1 date is not realistic for a major metropolitan area like Houston or San Antonio (2,3,6,8,9,10,11,12,14,15,19,22,25,26,27).

Clarification was requested relating to multi-jurisdictional Housing Finance Corporations (HFCs) and whether or not HFCs that serve multiple (30 or 40) counties will be considered eligible funding entities under this section. Additionally, if the Department continues with the interpretation that TDHCA HOME funds cannot be used in non-Participating Jurisdiction areas as local funding, can a city apply for HOME funds concurrently with a tax credit application and state in their application that the funds will be used as local funding for a particular application (25)?

Comment requests clarification of the draft language for the circumstance in which the Local Political Subdivision is the Developer. According to the definition, a housing authority counts as a Local Political Subdivision, but can they use their Capital Grant funds to get points in this category? In many rural areas, the PHA is the only public entity that has any funds to leverage, so this could be a problem if they can't (6).

Significant comment received suggests that this is a scoring item that favors the large cities over the smaller ones. Generally, the funds provided to meet this requirement come from City HOME or CDBG funds, which are only available in the larger cities, also known as Participating Jurisdictions. One idea for achieving equity is to allow TDHCA's HOME Funds to count for these points in communities that do not have HOME allocations, i.e. non-Participating Jurisdictions, as was allowed in the 2005 QAP, but stricken in the draft 2006 QAP (4). Substantial comments suggests that if HOME funds, which come from HUD regardless of whether they go to the City for allocation or to the State for Allocation, are considered local when distributed by a City, they should be considered "local" when they are distributed by TDHCA. We understand that considering TDHCA and ORCA as "Local Political Subdivisions," is odd, however, they are recognized as the Participating Jurisdiction and Entitlement Area for the balance of the State. By acting as such, TDHCA and ORCA are fulfilling the function of a local agency for these areas (2,3,6,8,9,10,11,12,14,19, 25,26,27).

Comment supports the clarification of the points available from local political subdivisions. However, it recommends that the points be allowed only for substantial and meaningful development funding. Thus, rather than use a specific dollar amount for specific points, it is recommend that 6 points be allowed for a contribution equal to 5% of the total development cost per low-income unit, 12 points for a contribution equal to 10% of the total development cost per low-income unit, and 18 points for a contribution equal to 15 % of the total development cost per low-income unit (24).

<u>The remaining comment below relates to the section that was §49.9(g)(5)(B), which is stricken in the current draft:</u>

Substantial comment suggests that TDHCA continue to allow rental vouchers to qualify for these points because as a group, it is important that the playing field stays fair and even between nonprofit providers, housing authorities, and for-profit developers (2,3,6,7,8,9,10,11,12,14,19,22,25,26,27). Other comment asserts that local commitment Vouchers are the only way that deep targeted units allow the developments to be financially feasible (22). Further comment suggests that the majority of our smaller communities have a housing authority and this is one area where non-urban projects actually stand a chance of qualifying for some or all of these points. A project-based voucher can indeed result in reducing the need for outside funds. For instance, in many communities, the Housing Choice Voucher Rent is higher than the TDHCA 30% or 50% program rent. In these cases the higher rent can be used to reduce the need for permanent mortgage funds (2,3,6,8,9,10,11,12, 14,19,25,26,27).

Comment requests that the development based vouchers be kept as part of the QAP with a due date of November 1, 2006. If the date was moved to November 1 for complying with the HUD rules and regulations governing development based vouchers, it would be easier to keep development based vouchers as a scoring type of funding from local political subdivisions. (3).

Comment suggests that if the section currently stricken which allows for points for development-based Housing Choice, rental assistance vouchers, or rental assistance subsidy approved by the Annual Contributions Contract (ACC) is added back in that the Section 8 commitment preference for local housing authorities be made available to all applicants. Project based section 8 should carry forward for everyone, not just housing authorities (28).

Staff Response:

Staff does not recommend the substantial increase in development funding because staff considers the current language to be sufficient. Based on the events of 2005 and the ultimate ease of administration, staff also does not believe a change is needed relating to multi-jurisdictional Housing Finance Corporations (HFCs). As with all questions relating to whether or not a specific entity qualifies, staff recommends that specific questions be addressed to staff for a determination on the eligibility of the entity. Staff concurs with the recommendation that the date for proving up local funds continue to be at the time of the acceptance of the Commitment Letter and recommends that the associated language relating to this item be re-inserted. Staff also recommends that TDHCA HOME funds qualify for this item in non-Participating Jurisdictions as long as a resolution from the Local Political Subdivision is received at application that authorizes the applicant to act on behalf of the Local Political Subdivision in applying for HOME funds. Staff also recommends language that would allow an Applicant to qualify for these points if the applicant itself is a Local Political Subdivision or its subsidiary. Staff does not believe that it has the statutory authority to include the points for vouchers. Therefore, the following recommendation to this section is as follows:

(5) **The Commitment of Development Funding by Local Political Subdivisions**. Applications may qualify to receive up to 18 points for qualifying under ~~either or both (A) or (B) of~~ this paragraph. An Applicant may submit several sources to substantiate points for this section in the Application, but may not substitute any source after the Application has been submitted to the Department. (2306.6710(b)(1)(E))

(A) Evidence that the proposed Development has received an allocation of funds for on-site development costs from a ~~l~~Local ~~p~~Political ~~s~~Subdivision or a properly-created governmental instrumentality thereof. An Applicant may receive points under this subparagraph even if the government instrumentality's creating statute states that the entity is not itself a "political subdivision." An Applicant whose Development receives a commitment from a governmental instrumentality with the legal authority to act on behalf of a Local Political Subdivision is also eligible for such points. In addition to loans or grants, in-kind contributions such as donation of land or waivers of fees such as building permits, water and sewer tap fees, or similar contributions that benefit the Development will be acceptable to qualify for these points. Points will be determined on a sliding scale based on the amount per Unit. Evidence to be submitted with the Application must include a copy of the commitment of funds; ~~or~~ a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received;~~,~~ or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted, the loan amount to be applied for and the specific proposed terms. For in-kind contributions, evidence must be submitted to substantiate the value claimed for points as well as a statement of how the contribution will benefit the Development. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing body of the local political subdivision for the sufficient local funding to the Department. If the funding commitment from the local political subdivision has not been received by the date the Department's Commitment Notice is 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 reevaluated 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. ~~Use normal rounding.~~ No funds from TDHCA's HOME (with the exception of Developments located in non-Participating Jurisdictions) or Housing Trust Fund sources will qualify under this category unless a resolution is submitted with the application from the Local Political Subdivision authorizing that the Applicant act on behalf of the Local Political Subdivision in applying for HOME or Housing Trust Funds from TDHCA for the particular application. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary.

(A) A contribution of $500 to $1,000 per ~~Low Income~~Low-income Unit receives 6 points; or

(B) A contribution of $1,001 to $3,500 per ~~Low Income~~Low-income Unit receives 12 points; or

(C) A contribution of $3,501 or more per ~~Low Income~~Low-income Unit receives 18 points; or

§50.9(i)(6) – Level of Support from State Elected Officials (2,6,8,9,10,11,12,14,19,20,25,26,27), Page 43 of 66

Comment:

Comment was also received that asserts that point incentives in the QAP for elected official support contravene any move to decentralize affordable housing into the suburbs. In a typically tight scoring matrix for the award of tax credits, the points provide an institutionalized mean for eliminating affordable housing in certain neighborhoods. It was suggested that the point incentives violate the Fair Housing Act (20).

Staff Response:

Staff recommends no changes to the current draft as it relates to this comment. The Department cannot remove the item because it is statutory. However, in order to be consistent with the recommended changes for the QCP point structure, staff does recommend reverting to the original 2005 language for this section.

§50.9(i)(8) – Cost of the Development by Square Foot (2,6,8,9,10,11,12,14,19,25,26,27,28), Page 43 of 66

Comment:

Comment asserts that there are generally two types of elderly housing produced: 1) duplex/ fourplex for more mobile seniors and 2) larger buildings with elevators, interior hall space, etc., for less mobile seniors. Specifically the larger building types result in approximately 26-28% of community space (compared to 2 % for general properties), which is used in the calculation of total costs, but is not considered when determining cost per square foot. When determining the eligible costs per square foot for scoring item 8, this differential should be considered and result in a high cost per square foot than is proposed for elderly developments (25). Another comment recommends increasing construction costs for new construction by 5 percent (28).

Staff Response:

In order to truly evaluate the effects of the proposed revisions relating to the two types of elderly households and the calculation of cost per square foot, staff recommends that further research and discussion occur. Staff also recommends an administrative change to increase the costs per square foot limitations equally from 2005 to 2006 in the wake of documented rising construction costs.

Staff recommends the following language:

"(8) The Cost of the Development by Square Foot (Development Characteristics). Applications may qualify to receive 10 points for this item. (2306.6710(b)(1)(H); 42(m)(1)(C)(iii)) For this exhibit, costs shall be defined as construction costs, including site work, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of net rentable area (NRA). The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for 10 points if their costs do not exceed $80~~75~~ per square foot for Qualified Elderly, Transitional, and Single Room Occupancy Developments, unless located in a "First Tier County" in which case their costs do not exceed $82~~77~~ per square foot; and $70~~65~~ for all other Developments, unless located in a "First Tier County" in which case their costs do not exceed $72~~67~~ per square foot. For 2005, the First Tier Counties are Aransas, Calhoun, Chambers, Jefferson, Kleberg, Nueces, San Patricio, Brazoria, Cameron, Galveston, Kennedy, Matagorda, Refugio and Willacy. (10 points)

§50.9(i)(9) – Services to be Provided to Tenants of the Development (2,6,8,9,10,11,12,14, 19,25,26,27,28), Page 44 of 66

Comment:

Comment supports the current draft language because it provides additional services to residences, thus increasing resident retention and fewer vacancies (28).

Staff Response:

Staff recommends no change. Staff appreciates the positive feedback.

§50.9(i)(13) – Development Location (20), Page 45 of 66

Comment:

Comment suggests that TDHCA has failed to establish and implement an institutionalized method for considering the social and demographic data when making their tax credit award decisions. Therefore, assuming that point scoring is further utilized to further integration, the following revisions should be made so that the scoring item recognizes that the selection of a development site in a predominately non-minority, suburban area can involve risks for a developer related to potential community opposition that may not be encountered to the same degree with other sites, and provides an incentive to a developer to assume these risks in order to provide a high quality housing opportunity in such areas for the families that are eligible for tax credit units. Comment suggests striking all language relating to designated state or federal empowerment zones, urban enterprise community and urban enhanced enterprise community. Additionally, comment would strike point incentives for a Development located in an "Exemplary" or "Recognized" school zone, as well as the section that awards points for expanding affordable housing opportunities for families with children outside of poverty areas. Additional language is recommended that would disperse housing to areas with low minority ratios (20).

Staff Response:

Staff does not recommend a change to this item because the QAP already addresses dispersion and affirmatively furthers fair housing. Additionally, this change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.9(i)(13)(F) – Development Location (20), Page 45 of 66

Comment:

Comment supports this item in the QAP for giving preference to high income census tracts (20).

Staff Response:

Staff recommends no change and appreciates the positive feedback.

§50.9(i)(15) – Tenant Populations with Special Needs (2,6,8,9,10,11,12,14,15,19,25,26,27), Pages 45 and 46 of 66

Comment:

Substantial comment requests that any applicants receiving points for serving special needs populations should be required to "hold these units open" for a period of 12 months (2,6,8,9,10,11,12,14,19,25,26,27). Additional comment requests clarification for a situation when an applicant elects this provision and then can't fill the unit. TDHCA should clarify how long this set-aside is applicable. It also requests a definition of Special Needs be defined (15).

Staff Response:

Staff concurs with comment that clarification is needed for this item, and staff recommends the following language:

"(15) **Tenant Populations with Special Housing Needs.** Applications may qualify to receive 4 points for this item. (42(m)(1)(C)(v)) The Department will award these points to Applications in which at least 10% of the Units are set aside for Persons with Special Needs. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development owner agrees to affirmatively market Units to Persons with Special needs. In addition, the Department will require a minimum 12 month period during which units must either be occupied by persons with Special Needs or held vacant. The 12 month period will begin on the date each building receives its certificate of occupancy. For buildings that do not receive a Certificate of Occupancy, the 12 month period will begin on the placed in service date as provided in the Cost Certification manual. After the 12 month period, the owner will no longer be required to hold units vacant for households with special needs, but will be required to continue to affirmatively market units to household with special needs."

§50.9(i)(17) – Site Characteristics (1,23), Pages 46 and 47 of 66

Comment:

Comment requests that points for a rural health clinic with a full service medical, dental, and vision be added (23). Another comment requests a change to the language of this section in order to make the required site characteristics more accessible to persons with disabilities (1).

Staff Response:
Staff recommends no added language relating to a rural health clinic because there is already language in the draft QAP as suggested. Staff does recommend the proposed changes to allow for more accessibility as follows:

"(17) **Site Characteristics.** Sites will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be rated based on the criteria below.

(A) Proximity of site to amenities. Developments located on sites within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least three services appropriate to the target population will receive four points. A site located within one-quarter mile of public transportation that is accessible to persons with disabilities and/or located within a community that has "on demand" transportation, special transit service, or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or on demand service, then this will be a requirement of the LURA. Only one service of each type listed below will count towards the points. A map must be included identifying the development site and the location of the services.~~, as well as written directions from the site to each service~~. The services must be identified by name on the map.~~ and in the written directions~~ If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be at least 50% complete by the date the Application is submitted. (4 points)"

§50.9(i)(18) – Development Size (2,6,8,9,10,11,12,14,19,24,25,26,27), Page 47 of 66
Comment:
Substantial comment requests that the current draft language which allows 3 points for projects not greater than 36 units be increased to the size of 76 units and make this a 5 or 6 point item. This will result in greater dispersion of the units within the regions and generally developments targeted for smaller communities are smaller in size (2,6,8,9,10,11,12,14,19,25,26,27). Further comment from the Rural Rental Housing Association supports maintaining the 36 unit limitation contained in this section for scoring of development size (24).
Staff Response:
Staff recommends no change. This change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.9(i)(19) – Qualified Census Tracts with Revitalization (28), Page 47 of 66
Comment:
Comment from a group representing community development corporations recommends creating general incentives in qualified census tracts for revitalization, senior, and at risk developments throughout the QAP. The commenter wants to encourage seniors development and the preservation and rehabilitation of low-income units in Qualified Census Tracts (QCTs) but does not encourage the construction of new family developments if the census tract has had new family units awarded recently (28).
Staff Response:
Staff recommends no change. The QAP already does provide general incentives for revitalization and At-Risk developments. Staff believes that the market should determine the target population of a development and that no further incentives are necessary to provide housing to elderly populations.

§50.9(i)(20) – Sponsor Characteristics (2,6,8,9,10,11,12,14,19,25,26,27), Page 47 of 66
Comment:
Substantial comment received supports any efforts to broaden participation in the program to Historically Underutilized Businesses (HUBs), but does not support granting points to inexperienced developers. The comment suggests adding specific points for specific roles on the development team (2,6,8,9,10,11,12,14,19,20,25,26).

Staff Response:
The comment does not reflect the current draft language. However, staff recommends the following change that would ensure that points are not awarded for using HUBs if the applicant has a poor history of placing buildings in service or not issuing 8609s when awarded tax credits:

"(20) **Sponsor Characteristics.** Applications may qualify to receive a maximum of 2 points for this item for qualifying under either subparagraph (A) or (B) of this paragraph. (42(m)(1)(C)(iv))

(A) An Application will receive these two points as long as no individual or entities associated with the Applicant, Development Owner or Developer has had a Carryover Allocation issued in the state of Texas after January 1, 2000, but prior to January 1, 2004, for which the buildings were not placed in service and/or for which IRS Forms 8609 were not issued; or

(B) An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. In order to qualify for these points, the requirements for subparagraph A of this section must also be met."

§50.9(i)(21) – Developments Intended for Eventual Tenant Ownership (7,28), Pages 47 and 48 of 66
Comment:
Comment recommends encouraging Unit Ownership by increasing points to 5 (7,28).
Staff Response:
Staff recommends no change. This change would be significant enough to warrant further public comment. In order to truly evaluate the effects of the proposed revisions, staff recommends that further research and discussion occur.

§50.9(i)(22) – Leveraging of Private, State and Federal Resources (22), Pages 48 and 49 of 66
Comment:
Comment recommends that the date required for the commitment approved by the governing body of the entity should not be revised to May 1, 2006 and that the 2005 language remain. Many communities do not make their HOME/CDBG allocations until after that date. Comment also recommends amending this section to include a provision for circumstances wherein the Applicant is itself a local political subdivision or a subsidiary thereof (22).
Staff Response:
Staff cannot recommend that a provision be included that would allow points for an applicant who is a local political subdivision because a local political subdivision is not a private, state or federal resource. However, staff concurs with the recommendation to change the deadline and recommends the following language:

"(22) **Leveraging of Private, State, and Federal Resources.** Applications may qualify to receive 1 point for this item. (2306.6725(a)(3)) Evidence that the proposed Development has received an allocation of private, state or federal resources, including HOPE VI funds, that is equal to or greater than 2% of the Total Development costs reflected in the Application. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing body of the entity for the sufficient financing to the Department. If the funding commitment from the private, state or federal source has not been received by the date the Department's Commitment Notice is 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 reevaluated for financial feasibility. If the Application is infeasible without the commitment from the private, state or federal source, the Commitment Notice will be rescinded and the credits reallocated. Use normal rounding. Funds from the Department's HOME and Housing Trust Fund sources will only qualify under this category if there is a Notice of Funding Availability (NOFA) out for available funds and the Applicant is eligible under that NOFA. To qualify for this point, the Rent Schedule must show that at least 3% of all ~~low income~~ low-income Units are designated to serve individuals or families with incomes at or below 30% of AMGI."

§50.9(i)(23) – Third Party Funding Commitment Outside of Qualified Census Tracts (22), Page 49 of 66
Comment:
Comment would like similar language added for this item as suggested in for item 22 above (22).
Staff Response:
Staff recommends no change because suggested language is not applicable to this section.

§50.9(i)(24)(B) – Scoring Criteria Imposing Penalties (15), Page 49 of 66
Comment:
Comment suggests that this should be limited to a removal with a time period limitation from the time the investor partnership agreement was executed such as six or seven years. After that time period, where one had satisfied the development requirements and guaranty requirements on operations, this penalty should not apply since situations do occur that are beyond the developer's control such as Katrina and Rita occurrences and other adverse market changes. Also by that time, the note is nonrecourse and the obligations to the investor are nonrecourse (15).
Staff Response:
Staff recommends no change because suggested language is already applied to this section. The current limit is five years.

§50.9(j) – Tie Breaker Factors (30), Pages 49 and 50 of 66
Comment:
Comment suggests that the proposed tie-breaker policy does not go far enough in distinguishing between two applications for the same type of construction in the same city. If two properties score the same, are both new construction and are both in the same city, the proposed policy will not untie the projects. It is proposed that a price per square foot or tax credits per square foot formula be added back in as the last tie-breaker item. It is acknowledged that many in the development community claim that this is not in the best interests of the program because it may promote substandard housing to be developed, however, comment disagrees with this position because the QAP has plenty of safety measures in place. In addition, there is now a statewide building code in effect throughout the state to further ensure quality housing is built (30).

Another item proposed as a tie-breaker is an applicant's standing with the Texas Residential Construction Commission as a registered builder, or an applicant's status as a "Texas Star Builder" also designated by the Texas Residential Construction Commission (30).
Staff Response:
Staff does not recommend an imposed tie breaker relating to the applicant's standing with the Texas Residential Construction Commission. However, staff agrees that another tie breaker should be added to the QAP. Staff recommends the following language which incorporates last year's language as subparagraph (C) to this section:

"(~~B~~C) The amount of requested tax credits per net rentable square foot requested (the lower credits per square foot has preference)"

§50.12(a)(1) – Filing of Applications for Tax-Exempt Bond Developments (Administrative), Page 54 of 66
Staff Response:
Staff made an administrative change to the language requiring a December 29th, 2005, 12:00 pm submission deadline under this section which is consistent with the requirement released in the TDHCA Bond Program instructions. Staff made the following revisions:

"(1) Applicants which receive advance notice of a Program Year ~~2005~~2006 reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than ~~5~~12:00 p.m. on December 29~~30~~, ~~2004~~2005. Such filing must be accompanied by the Application fee described in §~~49~~50.20 of this title."

§50.17(c) – Challenges Regarding Applications (Administrative), Page 61 and 62 of 66
Staff Response:
Staff recommends the following change to revise the term "allegations" to "challenges" in this section:

"(c) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application**. The Department will address information or challenges received from unrelated entities to a 2006 Application, utilizing a preponderance of the evidence standard, in the following manner.

(1) Within seven days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department's website.

(2) Within seven days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven days to respond to all information and challenges provided to the Department.

(3) Within 14 days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant."

Scoring Breakdown in Descending Order of Points for the Draft 2006 QAP

QAP Para.#	Topic	Total Points	Notes	Legislative Citation - Compare to QAP
1	Financial Feasibility	28	NA	2306.6710(b)(1)(A)
2	QCP from Neighborhood Organizations	24 Max	Range of +24 to 0	2306.6710(b)(1)(B); 2306.6725(a)(2)
3	Income Levels of the Tenants	22	NA	2306.6710(b)(1)(C) and (e); 2306.111(g)(3)(B) and (E); 42(m)(1)(B)(ii)(I)
4	Size and Quality of the Units	20	NA	2306.6710(b)(1)(D); 42(m)(1)(C)(iii)
5	Commit. of Funds by LPS	18	NA	2306.6710(b)(1)(E)
6	State Elected Official Support/Opposition	8 Max (16 Spread)	Range of +8 to -8	2306.6710(b)(1)(F) and (g); 2306.6725(a)(2)
7	Rent Levels of the Units	12	NA	2306.6710(b)(1)(G)
8	Cost Per Square Foot	10	NA	2306.6710(b)(1)(H); 42(m)(1)(C)(iii)
9	Services Provided to Tenants	8	NA	2306.6710(b)(1)(I); Rider 7; 2306.254; 2306.6725(a)(1)
10	Housing Needs	7	NA	42(m)(1)(C)(ii)
11	Existing Housing with Revitalization	7	NA	42(m)(1)(C)(iii)
12	Pre-Application	6	NA	2306.6704
13	Development Location	4	NA	2306.6725(a)(4) and (b)(2); 2306.127; Rider 6 42(m)(1)(C)(i) and (vii)
14	Exurban or Reconstruction or Rehabilitation	7	NA	2306.6725(a)(4) and (b)(2); 2306.127; 42(m)(1)(C)(i)
15	Special Housing Needs Populations	4	NA	42(m)(1)(C)(v)
16	Length of Affordability	4	NA	2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)
17	Site Characteristics	4	Up to 4 points for positive amenities. Up to -5 points for negative features	NA
18	Development Size	3	NA	NA
19	Location in QCT with Revitalization	2	NA	42(m)(1)(B)(ii)(III)
20	Sponsor Characteristics	2	NA	42(m)(1)(C)(iv)
21	Right of First Refusal	1	NA	2306.6725(b) 42(m)(1)(C)(viii)
22	Leveraging of Private, State and Federal Funds	1	NA	2306.6725(a)(3)
23	Third Party Commitment Outside of QCT	1	NA	2306.6710(e)(1)
24	Penalties	NA	Range	2306.6710(b)(2)

Maximum Number of Points Possible: 203

Tab Number	Organization
1	Accessible Communities, Inc- Coastal Bend Center for Independent Living
2	Bower, Mark
3	Campbell & Riggs, P.C.
4	Churchill Residential
5	Diaz, David
6	DMA Development Company
7	Emagaloni, Eduardo
8	Espinoza, Maria
9	Gomez, Martha
10	Hance, Aubrea
11	Hance, Kent
12	Hance, Ron
13	Hartman, Michael
14	Investment Builders, Inc.
15	Kahn, Barry
16	Kersch, Gary, L
17	Locke Liddle & Sapp LLP
18	Lopez, Roy (City of Ft. Worth)
19	McGuire Development, LTD
20	Munch Hardt Kopf & Harr, P.C.
21	National Housing Trust
22	NRP Group
23	Pilgram's Pride Affordable Housing Corporation
24	Rural Rental Housing Association
25	S. Anderson Consulting
26	SGI Ventures, Inc.
27	Texas Affiliation of Affordable Housing Providers
28	Texas Association of Community Development Corporations
29	Texas Society of Architects
30	Tropicana Builders
31	Youngs, Don

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

2006 Draft Housing Tax Credit Program Qualified Allocation Plan and Rules with Amendments

§~~49.~~50.1. Purpose and Authority;~~,~~ Program Statement;~~,~~ Allocation Goals.

(a) **Purpose and Authority.** The Rules in this chapter apply to the allocation by the Texas Department of Housing and Community Affairs (the Department) of Housing Tax Credits authorized by applicable federal income tax laws. The Internal Revenue Code of 1986, §42, as amended, provides for credits against federal income taxes for owners of qualified ~~low income~~low-income rental housing Developments. That section provides for the allocation of the available tax credit amount by state housing credit agencies. Pursuant to Chapter 2306, Subchapter DD, Texas Government Code, ~~Executive Order AWR-92-3 (March 4, 1992),~~ the Department is~~was~~ authorized to make Housing Credit Allocations for the State of Texas. As required by the Internal Revenue Code, §42(m)(1), the Department developed this Qualified Allocation Plan (QAP) which is set forth in §§~~49.~~50.1 - ~~49.~~50.23 of this title. Sections in this chapter establish procedures for applying for and obtaining an allocation of Housing Tax Credits, along with ensuring that the proper threshold criteria, selection criteria, priorities and preferences are followed in making such allocations.

(b) **Program Statement.** The Department 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 R~~r~~ehabilitation 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. (2306.6701)

(c) **Allocation Goals.** It shall be the goal of this Department and the Board, through these provisions, to encourage diversity through broad geographic allocation of tax credits within the state, and in accordance with the regional allocation formula;~~,~~ ~~and~~ to promote maximum utilization of the available tax credit amount; and to allocate credits among as many different entities as practicable without diminishing the quality of the housing that is being built. The processes and criteria utilized to realize this goal are described in §~~49.~~50.8 and §~~49.~~50.9 of this title, without in any way limiting the effect or applicability of all other provisions of this title. (General Appropriation Act, Article VII, Rider 8(e))

§~~49.~~50.2. Coordination with Rural Agencies.

To ensure ~~assure~~ maximum utilization and optimum geographic distribution of tax credits in rural areas, and to provide for~~achieve increased~~ sharing of information, ~~reduction of processing~~efficient procedures, and fulfillment of Development compliance requirements in rural areas, the Department has entered into a Memorandum of Understanding (MOU) with the TX-USDA-RHS to coordinate on existing, Rehabilitation~~rehabilitated~~, and N~~n~~ew C~~c~~onstruction housing Developments financed by TX-USDA-RHS; and will jointly administer the Rural Regional Allocation with the Texas Office of Rural Community Affairs (ORCA). Through participation in hearings and meetings, ORCA will assist in developing all Threshold, Selection and Underwriting Criteria applied to Applications eligible for the Rural Regional Allocation. The Criteria will be approved by that Agency. To ensure that the Rural Regional Allocation receives a sufficient volume of eligible Applications, the Department and ORCA shall jointly implement outreach, training, and rural area capacity building efforts. (2306.6723)

§~~49.~~50.3. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Administrative Deficiencies**--The absence of information or a document from the Application ~~which is important to a review and scoring of the Application~~ as is required under §50.5, §50.6, §~~49.~~50.8(d) and §~~49.~~50.9(g~~e~~), (h~~f~~), i and (~~g~~j) of this title.

(2) **Affiliate**--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ~~at least a 10%~~ ownership interest.

(3) **Agreement and Election Statement**--A document in which the Development Owner elects, irrevocably, to fix the Applicable Percentage with respect to a building or buildings, as that in effect for the month in which the Department and the Development Owner enter into a binding agreement as to the housing credit dollar amount to be allocated to such building or buildings.

(4) **Applicable Fraction**--The fraction used to determine the Qualified Basis of the qualified ~~low income~~low-income building, which is the smaller of the Unit fraction or the floor space fraction, all determined as provided in the Code, §42(c)(1).

(5) **Applicable Percentage**--The percentage used to determine the amount of the Housing Tax Credit, as defined more fully in the Code, §42(b).

(A) For purposes of the Application, the Applicable Percentage will be projected at 10 basis points above the greater of:

(i) the current applicable percentage for the month in which the Application is submitted to the Department, or

(ii) the trailing 1-year, 2-year or 3-year average rate in effect during the month in which the Application is submitted to the Department.

(B) For purposes of making a credit recommendation at any other time, the Applicable Percentage will be based in order of priority on:

(i) The percentage indicated in the Agreement and Election Statement, if executed; or

(ii) The actual applicable percentage as determined by the Code, §42(b), if all or part of the Development has been placed in service and for any buildings not placed in service the percentage will be the actual percentage as determined by Code, §42(b) for the most current month; or

(iii) The percentage as calculated in subparagraph (A) of this paragraph if the Agreement and Election Statement has not been executed and no buildings have been placed in service.

(6) **Applicant**--Any Person or Affiliate of a Person who files a Pre-Application or an Application with the Department requesting a Housing Credit Allocation. (2306.6702)

(7) **Application**--An application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (2306.6702)

(8) **Application Acceptance Period**--That period of time during which Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department as more fully described in §~~49.~~50.9(a) and §~~49.~~50.21 of this title. For ~~Tax Exempt~~Tax-Exempt Bond Developments this period is that period of time prior to the deadline stated in §~~49.~~50.12 of this title, and for Rural Rescue Applications this is that period of time stated in the Rural Rescue Policy.

(9) **Application Round**--The period beginning on the date the Department begins accepting Applications for the State Housing Credit Ceiling and continuing until all available Housing Tax Credits from the State Housing Credit Ceiling (as stipulated by the Department) are allocated, but not extending past the last day of the calendar year. (2306.6702)

(10) **Application Submission Procedures Manual**--The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for the filing of Pre-Applications and Applications for Housing Tax Credits.

(11) **Area**--An incorporated place or Census Designated Place as defined by the U.S. Census Bureau. Developments located outside the boundaries of a place shall use the Area definition of the closest place.

(12~~1~~) **Area Median Gross Income (AMGI)**--Area median gross household income, as determined for all purposes under and in accordance with the requirements of the Code, §42.

(13~~2~~) **At-Risk Development**--a Development that: (2306.6702)

(A) has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under the following federal laws, as applicable:

(i) Sections 221(d)(3) and (5), National Housing Act (12 U.S.C. Section 17151);

(ii) Section 236, National Housing Act (12 U.S.C. Section 1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. Section 1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. Section 1701s);

(v) the Section 8 Additional Assistance Program for housing developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) the Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

(vii) Sections 514, 515, and 516, Housing Act of 1949 (42 U.S.C. Sections 1484, 1485, and 1486); and

(viii) Section 42, of the Internal Revenue Code of 1986 (26 U.S.C. Section 42), and

(B) is subject to the following conditions:

(i) the stipulation to maintain affordability in the contract granting the subsidy is nearing expiration (expiration will occur within two calendar years of July 31 of the year the Application is submitted); or

(ii) the federally insured mortgage on the Development is eligible for prepayment or is nearing the end of its mortgage term (the term will end within two calendar years of July 31 of the year the Application is submitted).

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in subparagraph (A) of this paragraph will not qualify as an At-Risk Development unless the redevelopment will include the same site.

(D) Developments must be at risk of losing all affordability on the site. However, Developments that have an opportunity to retain or renew any of the financial benefit described in subparagraph (A) of this paragraph must retain or renew all possible financial benefit to qualify as an At-Risk Development. ~~(2306.6702)~~

(E) Nearing expiration on a requirement to maintain affordability includes Developments eligible to request a qualified contract under Section 42 of the Code. Evidence must be provided in the form of a copy of the recorded LURA, the first years IRS Forms 8609 for all buildings showing Part II completed and, if applicable, documentation from the original application regarding the right of first refusal.

(14~~3~~) **Bedroom**--A portion of a Unit set aside for sleeping which is no less than 100 square feet; has no width or length less than 8 feet; has at least one window that provides exterior access; and has at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to accommodate 5 feet of hanging space.

(15~~4~~) **Board**--The governing Board of the Department. (2306.004)

(16~~5~~) **Carryover Allocation**--An allocation of current year tax credit authority by the Department pursuant to the provisions of the Code, §42(h)(1)(C)~~(E)~~ and Treasury Regulations, §1.42-6.

(17~~6~~) **Carryover Allocation Document**--A document issued by the Department, and executed by the Development Owner, pursuant to §~~49.~~50.14 of this title.

(18~~7~~) **Carryover Allocation Procedures Manual**--The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for filing Carryover Allocation requests.

(19~~8~~) **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 the Treasury or the Internal Revenue Service.

(20~~19~~) **Colonia**--A geographic A~~a~~rea 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~~low-income and very ~~low income~~low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed A~~a~~rea under §17.921, Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the Texas Water Development Board.

(21~~0~~) **Commitment Notice**--A notice issued by the Department to a Development Owner pursuant to §~~49.~~50.13 of this title and also referred to as the "commitment."

(22) **Community Revitalization Plan--**A published document, approved and adopted by the local governing body by ordinance or resolution, that targets specific geographic areas for low-income residential Developments (serving residents at or below 60% of the area median income).

(23~~1~~) **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).

(24~~2~~) **Control**--(including the terms "Controlling," "Controlled by", and/or "under common Control with") the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

(25~~3~~) **Cost Certification Procedures Manual**--The manual produced, and amended from time to time, by the Department which sets forth procedures, forms, and guidelines for filing requests for IRS Form(s) 8609 for Developments placed in service under the Housing Tax Credit Program.

(26~~4~~) **Credit Period**--With respect to a building within a Development, the period of ten taxable years beginning with the taxable year the building is placed in service or, at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code, §42(f)(1).

(27~~5~~) **Department**--The Texas Department of Housing and Community Affairs, an agency of the State of Texas, established by Chapter 2306, Texas Government Code, including Department employees and/or the Board. (2306.004)

(28~~6~~) **Determination Notice**--A notice issued by the Department to the Development Owner of a ~~Tax Exempt~~Tax-Exempt Bond Development which states that the Development may be eligible to claim Housing Tax Credits without receiving an allocation of Housing Tax Credits from the State Housing Credit Ceiling because it satisfies the requirements of this QAP; sets forth conditions which must be met by the Development before the Department will issue the IRS Form(s) 8609 to the Development Owner; and specifies the Department's determination as to the amount of tax credits necessary for the financial feasibility of the Development and its viability as a rent restricted Development throughout the affordability period. (42(m)(1)(D))

(29~~7~~) **Developer**--Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services (which fee cannot exceed 15% of the Eligible Basis) and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(30~~28~~) **Development**--A proposed qualified and/ or approved ~~low-income~~low-income housing project, as defined by the Code, §42(g), for N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation, ~~as defined by the Code, §42(g),~~ that consists of one or more buildings containing multiple Units, and that, if the Development shall consist of multiple buildings, is financed under a common plan and is owned by the same Person for federal tax purposes, and the buildings of which are either:

(A) located on a single site or contiguous site; or

(B) located on scattered sites and contain only rent-restricted units. (2306.6702)

(31~~29~~) **Development Consultant**--Any Person (with or without ownership interest in the Development) who provides professional services relating to the filing of an Application, Carryover Allocation Document, and/or cost certification documents.

(32~~0~~) **Development Owner**--Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department. (2306.6702)

(33~~1~~) **Development Team**--All Persons or Affiliates thereof that play a role in the development, construction, R~~r~~ehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(34~~2~~) **Economically Distressed Area**--Consistent with §17.921 of Texas Water Code, an A~~a~~rea in which:

(A) water supply or sewer services are inadequate to meet minimal needs of residential users as defined by Texas Water Development Board rules;

(B) financial resources are inadequate to provide water supply or sewer services that will satisfy those needs; and

(C) an established residential subdivision was located on June 1, 1989, as determined by the Texas Water Development Board.

(35~~3~~) **Eligible Basis**--With respect to a building within a Development, the building's Eligible Basis as defined in the Code, §42(d).

(36~~4~~) **Executive Award and Review Advisory Committee ("The Committee")**--A Departmental committee that will develop funding priorities and make funding and allocation~~commitment~~ recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306 of the Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities. (2306.1112~~6702~~)

(37~~5~~) **Extended Housing Commitment**--An agreement between the Department, the Development Owner and all successors in interest to the Development Owner concerning the extended housing use of buildings within the Development throughout the extended use period as provided in the Code, §42(h)(6). The Extended Housing Commitment with respect to a Development is expressed in the LURA applicable to the Development.

(38~~6~~) **General Contractor**--One who contracts for the construction or R~~r~~ehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. This party may also be referred to as the "contractor."

(39~~37~~) **General Partner**--That partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(40~~38~~) **Governmental Entity**--Includes federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities.

(41) **Governmental Instrumentality**--A legal entity such as a housing authority of a city or county, a housing finance corporation, or a municipal utility, which is created by a local political subdivision under statutory authority and which instrumentality is authorized to transact business for the political subdivision.

(42~~39~~) **Guarantor**--Means any Person that provides, or is anticipated to provide, a guaranty for the equity or debt financing for the Development.

~~(40) **Historic Development**--A residential Development that has received a historic property designation by a federal, state or local government entity.~~

(43~~1~~) **Historically Underutilized Businesses (HUB)**--Any entity defined as a historically underutilized business with its principal place of business in the State of Texas in accordance with Chapter 2161, Texas Government Code.

(44~~2~~) **Housing Credit Agency**--A Governmental Entity charged with the responsibility of allocating Housing Tax Credits pursuant to the Code, §42. For the purposes of this title, the Department is the sole "Housing Credit Agency" of the State of Texas.

(45~~3~~) **Housing Credit Allocation**--An allocation by the Department to a Development Owner for a specific Application of Housing Tax Credits in accordance with the provisions of this title.

(46~~4~~) **Housing Credit Allocation Amount**--With respect to a Development or a building within a Development, that amount the Department determines to be necessary for the financial feasibility of the Development and its viability as a Development throughout the affordability period and which it allocates to the Development.

(47~~5~~) **Housing Tax Credit ("tax credits")**--A tax credit allocated, or for which a Development may qualify, under the Housing Tax Credit Program, pursuant to the Code, §42. (2306.6702)

(48~~6~~) **HUD**--The United States Department of Housing and Urban Development, or its successor.

(49~~47~~) **Ineligible Building Types**--Those Developments which are ineligible, pursuant to this QAP, for funding under the Housing Tax Credit Program, as follows:

(A) Hospitals, nursing homes, trailer parks, dormitories (or other buildings that will be predominantly occupied by students) or other facilities which are usually classified as transient housing (other than certain specific types of transitional housing for the homeless and single room occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) are not eligible. However, structures formerly used as hospitals, nursing homes or dormitories are eligible for Housing Tax Credits if the Development involves the conversion of the building to a non-transient multifamily residential development. Refer to IRS Revenue Ruling 98-47 for clarification of assisted living.

(B) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments of two stories or more that does not include elevator service for any Units or living space above the first floor.

(C) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments with any Units having more than two bedrooms.

(D) Any Development with building(s) with four or more stories that does not include an elevator.

(E) Any Development proposing N~~n~~ew C~~c~~onstruction, other than a Development (N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation) composed entirely of single-family dwellings, having more than 5% of the Units in the Development~~any Units~~ with four or more bedrooms.

(F) Any Development that violates the Integrated Housing Policy of the Department, §1.15 of this title.

(G) Any Development located in an Urban/Exurban Area involving any N~~n~~ew C~~c~~onstruction of additional Units (other than a Qualified Elderly Development, (other than certain specific types of transitional housing for the homeless and single room occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)~~a single family development or a transitional housing development~~) in which any of the designs in clauses (i) - (iii) of this subparagraph are proposed. For purposes of this limitation, a den, study or other similar space that could reasonably function as a bedroom will be considered a bedroom. For Applications involving a combination of single family detached dwellings and multifamily dwellings, the percentages in this subparagraph do not apply to the single family detached dwellings. An Application may reflect a total of Units for a given bedroom size greater than the percentages stated below to the extent that the increase is only to reach the next highest number divisible by four.

(i) more than 30~~60~~% of the total Units are one bedroom Units; or

(ii) more than 55~~45~~% of the total Units are two bedroom Units; or

(iii) more than 40~~35~~% of the total Units are three bedroom Units.

(H) Any Development that includes age restricted units that are not consistent with the Intergenerational Housing definition and policy or a Qualified Elderly Development.

(50) **Intergenerational Housing**--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) have separate and specific buildings exclusively for the age restricted units

(B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units

(C) have separate and specific entrances, and other appropriate security measures for the age restricted units

(D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group

(E) share the same Development site

(F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) meet the requirements of the federal Fair Housing Act.

(51~~48~~) **IRS**--The Internal Revenue Service, or its successor.

(52~~49~~) **Land Use Restriction Agreement (LURA)**--An agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest, that encumbers the Development with respect to the requirements of this chapter, Chapter 2306, Texas Government Code, and the requirements of the Code, §42. (2306.6702)

(53) **Local Political Subdivision**--A county or municipality (city) in Texas. For purposes of §50.9(i)(5) of this title, a local political subdivision may act through a government instrumentality such as a housing authority, housing finance corporation, or municipal utility.

(54~~0~~) **Material Noncompliance~~Non-Compliance~~**--As defined in §60.1 of this title.

(55~~1~~) **Minority Owned Business**--A business entity at least 51% of which is owned by members of a minority group or, in the case of a corporation, at least 51% of the shares of which are owned by members of a minority group, and that is managed and Controlled by members of a minority group in its daily operations. Minority group includes women, African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin. (2306.6734)

(56~~2~~) **New Construction--**Any Development not meeting the definition of Rehabilitation.

(57) **ORCA**--Office of Rural Community Affairs, as established by Chapter 487 of Texas Government Code. (2306.6702)

(58~~3~~) **Person**--Means, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(59~~4~~) **Persons with Disabilities**--A person who:

(A) has a physical, mental or emotional impairment that:

(i) is expected to be of a 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,

(B) has a developmental disability, as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. Section 15002), or

(C) has a disability, as defined in 24 CFR §5.403.

(60) **Persons with Special Needs--**Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations, migrant farm workers, and populations identified as impacted by federal or state declared disasters.

(61~~55~~) **Pre-Application**--A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of the Application, including any required exhibits or other supporting material, as more fully described in §~~49.~~50.8 and §~~49.~~50.21 of this title. (2306.6704)

(62~~56~~) **Pre-Application Acceptance Period**--That period of time during which Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department.

(63~~57~~) **Principal**--the term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) partnerships, Principals include all General Partners, ~~and~~ Special Limited Partners~~LP~~ and Principals with ~~at least 10%~~ ownership interest;

(B) corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

~~(58) **Prison Community**--A city or town which is located outside of a Metropolitan Statistical Area (MSA) or Primary Metropolitan Statistical Area (PMSA) and was awarded a state prison within the past five years.~~

(64~~59~~) **Property**--The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(65~~0~~) **Qualified Allocation Plan (QAP)**--

(A) As defined in §42(m)(1)(B): Any plan which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions; which also gives preference in allocating housing credit dollar amounts among selected projects to projects serving the ~~lowest income~~lowest-income tenants, projects obligated to serve qualified tenants for the longest periods, and projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan; and which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of §42 and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.

(B) As defined in §2306.6702, Texas Government Code: A plan adopted by the board ~~under this subchapter~~ that provides the threshold, scoring, and underwriting criteria based on housing priorities of the ~~d~~Department that are appropriate to local conditions; provides a procedure for the ~~d~~Department, the ~~d~~Department's agent, or another private contractor of the ~~d~~Department to use in monitoring compliance with the qualified allocation plan and this subchapter; and consistent with §2306.6710(e), gives preference in housing tax credit allocations to ~~d~~Developments that, as compared to the other ~~d~~Developments:

(i) when practicable and feasible based on documented, committed, and available third-party funding sources, serve the ~~lowest income~~lowest-income tenants per housing tax credit; and

(ii) produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the ~~low income~~low-income housing tax credit program.

(66~~1~~) **Qualified Basis**--With respect to a building within a Development, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of the Code, §42(c)(1).

(67~~2~~) **Qualified Census Tract**--Any census tract which is so designated by the Secretary of HUD in accordance with the Code, §42(d)(5)(C)(ii).

(68~~3~~) **Qualified Elderly Development**--A Development which meets the requirements of the federal Fair Housing Act and:

(A) is intended for, and solely occupied by, individuals 62 years of age or older; or

(B) is intended and operated for occupancy by at least one individual 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b)).

(69~~4~~) **Qualified Market Analyst**--A real estate appraiser certified or licensed by the Texas Appraiser ~~or~~ Licensing and Certification Board, ~~or~~ a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(70~~65~~) **Qualified Nonprofit Organization**--An organization that is described in the Code, §501(c)(3) or (4), as these cited provisions may be amended from time to time, that is exempt from federal income taxation under the Code, §501(a), that is not affiliated with or Controlled by a for profit organization, and includes as one of its exempt purposes the fostering of ~~low income~~low-income housing within the meaning of the Code, §42(h)(5)(C). A Qualified Nonprofit Organization may select to compete in one or more of the Set-Asides, including, but not limited to, the nonprofit Set-Aside, the At-Risk Development Set-Aside and the TX-USDA-RHS Allocation. (2306.6729)

(71~~66~~) **Qualified Nonprofit Development**--A Development in which a Qualified Nonprofit Organization (directly or through a partnership or wholly-owned subsidiary) holds a controlling interest, materially participates (within the meaning of the Code, §469(h), as it may be amended from time to time) in its development and operation throughout the Compliance Period, and otherwise meets the requirements of the Code, §42(h)(5). (2306.6729)

(72~~67~~) **Reference Manual**--That certain manual, and any amendments thereto, produced by the Department which sets forth reference material pertaining to the Housing Tax Credit Program.

(73) **Rehabilitation--**The improvement or modification of an existing structure through alterations, incidental additions or enhancements. Rehabilitation includes repairs necessary to correct the results of deferred maintenance, the replacement of principal fixtures and components, improvements to increase the

efficient use of energy, and installation of security devices. Rehabilitation may include demolition, reconstruction and adding rooms outside the existing walls of a structure, but adding a housing unit is considered New Construction.

(74~~68~~) **Related Party--**As defined, (2306.6702)

(A) The following individuals or entities:

(i) the brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573, Texas Government Code;

(ii) a person and a corporation, if the person owns more than 50 percent of the outstanding stock of the corporation;

(iii) two or more corporations that are connected through stock ownership with a common parent possessing more than 50 percent of:

(I) the total combined voting power of all classes of stock of each of the corporations that can vote;

(II) the total value of shares of all classes of stock of each of the corporations; or

(III) the total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

(iv) a grantor and fiduciary of any trust;

(v) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(vi) a fiduciary of a trust and a beneficiary of the trust;

(vii) a fiduciary of a trust and a corporation if more than 50 percent of the outstanding stock of the corporation is owned by or for:

(I) the trust; or

(II) a person who is a grantor of the trust;

(viii) a person or organization and an organization that is tax-exempt under the Code, §501(a), and that is controlled by that person or the person's family members or by that organization;

(ix) a corporation and a partnership or joint venture if the same persons own more than:

(I) 50 percent of the outstanding stock of the corporation; and

(II) 50 percent of the capital interest or the profits' interest in the partnership or joint venture;

(x) an S corporation and another S corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(xi) an S corporation and a C corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(xii) a partnership and a person or organization owning more than 50 percent of the capital interest or the profits' interest in that partnership; or

(xiii) two partnerships, if the same person or organization owns more than 50 percent of the capital interests or profits' interests.

(B) Nothing in this definition is intended to constitute the Department's determination as to what relationship might cause entities to be considered "related" for various purposes under the Code.

(75~~69~~) **Rules**--The Department's Housing Tax Credit Program Qualified Allocation Plan and Rules as presented in this title.

(76~~0~~) **Rural Area**--An area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation funding by TX-USDA-RHS. (2306.6702)

(77~~1~~) **Rural Development**--A Development located within a Rural Area. A Rural Development may not exceed 76 Units if New Construction.~~ and for which the Applicant applies for tax credits under the Rural Regional Allocation.~~

(78~~2~~) **Selection Criteria**--Criteria used to determine housing priorities of the State under the Housing Tax Credit Program as specifically defined in §~~49.~~50.9(i~~g~~) of this title.

(79~~3~~) **Set-Aside**--A reservation of a portion of the available Housing Tax Credits under the State Housing Credit Ceiling to provide financial support for specific types of housing or geographic locations or serve specific types of Applications or Applicants as permitted~~required~~ by the Qualified Allocation Plan on a priority basis. (2306.6702)

(80~~74~~) **State Housing Credit Ceiling**--The limitation ~~imposed by the Code, §42(h),~~ on the aggregate amount of Housing Credit Allocations that may be made by the Department during any calendar year, as determined from time to time by the Department in accordance with the Code, §42(h)(3)(C).

(81~~75~~) **Student Eligibility**--Per the Code, §42(i)(3)(D), "A unit shall not fail to be treated as a low-income unit merely because it is occupied:

(A) by an individual who is:

(i) a student and receiving assistance under Title IV of the Social Security Act (42 U.S.C. §§601 et seq.), or

(ii) enrolled in a job training program receiving assistance under the Job Training Partnership Act (29 USCS §§1501 et seq., generally; for full classification, consult USCS Tables volumes) or under other similar Federal, State, or local laws, or

(B) entirely by full-time students if such students are:

(i) single parents and their children and such parents and children are not dependents (as defined in section 152) of another individual, or

(ii) married and file a joint return."

(82~~76~~) ~~**Tax Exempt**~~**Tax-Exempt Bond Development**--A Development requesting or having been awarded housing tax credits and which receives a portion of its financing from the proceeds of tax-exempt bonds which are subject to the state volume cap as described in the Code, §42(h)(4), such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(83~~77~~) **Third Party**--A Third Party is a Person who is not an:

(A) Applicant, General Partner, Developer, or General Contractor, or

(B) an Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or

(C) Person(s) receiving any portion of the contractor fee or developer fee.

(84~~78~~) **Threshold Criteria**--Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §~~49.~~50.9(h~~f~~) of this title. (2306.6702)

(85~~79~~) **Total Housing Development Cost**--The total of all costs incurred or to be incurred by the Development Owner in acquiring, constructing, rehabilitating and financing a Development, as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas. Costs associated with the sale or use of Housing Tax Credits to raise equity capital shall also be included in the Total Housing Development Cost. Such costs include but are not limited to syndication and partnership organization costs and fees, filing fees, broker commissions, related attorney and accounting fees, appraisal, engineering, and the environmental site assessment.

(86~~0~~) **TX-USDA-RHS**--The Rural Housing Services (RHS) of the United States Department of Agriculture (USDA) serving the State of Texas (formerly known as TxFmHA) or its successor.

(87~~1~~) **Unit**--Any residential rental unit in a 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. (2306.6702) For purposes of completing the Rent Schedule for loft or studio type Units (which still must meet the definition of Bedroom), a Unit with 649 square feet or less is considered an efficiency unit, a Unit with 650 to 899 square feet is considered not more than a one-bedroom Unit, a Unit with 900 to 999 square feet is considered not more than a two-bedroom Unit, a Unit with 1000 to 1199 square feet is considered not more than a three-bedroom Unit, and a Unit with 1200 square feet or more is considered a four bedroom unit.

(88~~2~~) **Urban/Exurban Area**-- Non-Rural Areas located within the boundaries of a metropolitan Area as designated by the US Office of Management and Budget as of November 1, 2005, or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), the date Volume III is submitted to the Department.

~~An incorporated place or census designated place with:~~

~~(A) a population greater than 20,000; or~~

~~(B) of any population size that shares a boundary with an incorporated place or census designated place with a population greater than 20,000 in an MSA; and~~

~~(C) that does not meet the qualifications for a Rural Area as defined in paragraph 70(C) of this section.~~

§~~49.~~50.4. State Housing Credit Ceiling.

The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service. The Department shall publish each such determination in the *Texas Register* within 30 days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. As permitted by §42(h)(4), Housing Credit Allocations made to ~~Tax Exempt~~Tax-Exempt Bond Developments are not included in the State Housing Credit Ceiling.

§~~49.~~50.5. Ineligibility;~~,~~ Disqualification and Debarment;~~,~~ Certain Applicant and Development Standards;~~,~~ Representation by Former Board Member or Other Person; Due Diligence, Sworn Affidavit; Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.

(a) **Ineligibility.** An Application ~~will be~~is ineligible if:

(1) The Applicant, Development Owner, Developer or Guarantor has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or, (2306.6721(c)(2))

(2) The Applicant, Development Owner, Developer or Guarantor has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline; or,

(3) The Applicant, Development Owner, Developer or Guarantor at the time of Application is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity; or

(4) The Applicant, Development Owner, Developer or Guarantor with any past due audits has not submitted those past due audits to the Department in a satisfactory format~~ on or before the close of the Application Acceptance Period~~. A Person is not eligible to receive a commitment of Housing Tax Credits from the Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for ~~Tax Exempt~~Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted~~ is unresolved as of the date the Application is submitted~~; or

(5) (2306.6703(a)(1)) At the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for ~~Tax Exempt~~Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:

(A) a member of the Board; or

(B) the Executive Director, a Deputy Executive Director, the Director of Multifamily Finance Production, the Director of Portfolio Management and Compliance, the Director of Real Estate Analysis, or a manager over housing tax credits employed by the Department.

(6) (2306.6703(a)(2)) The Applicant proposes to replace in less than 15 years any private activity bond financing of the Development described by the Application, unless:

(A) the Applicant proposes to maintain for a period of 30 years or more 100 percent of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50 percent of the Area Median Gross Income, adjusted for family size; and

(B) at least one-third of all the units in the Development are public housing units or Section 8 Development-based units; or,

(7) 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 at the time the Application Round begins (or for ~~Tax Exempt~~Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (2306.6703(a)(4))

(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development~~ in the form of a resolution~~; and

(B) has included in the Application a written statement of support from that governing body referencing this rule and authorizing an allocation of housing tax credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, ~~2005~~ 2006 (or for ~~Tax Exempt~~Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be considered) and may not be more than one year old; or

(8) The Applicant proposes to construct a new Development that is located one linear mile (measured by a straight line on a map) or less from a Development that: (2306.6703(a)(3))

(A) serves the same type of household as the new Development, regardless of whether the Developments serve families, elderly individuals, or another type of household;

(B) has received an allocation of Housing Tax Credits (including ~~Tax Exempt~~Tax-Exempt Bond Developments) for N~~n~~ew C~~c~~onstruction at any time during the three-year period preceding the date the application round begins (or for ~~Tax Exempt~~Tax-Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(C) has not been withdrawn or terminated from the Housing Tax Credit Program.

(D) An Application is not ineligible under this paragraph if:

(i) the Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.); or

(ii) the Development is located in a county with a population of less than one million; or

(iii) the Development is located outside of a metropolitan statistical area; or

(iv) the local government where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under subparagraphs (A) - (C) of this paragraph. For purposes of this clause, evidence of the local government vote or evidence required by subparagraph (D) of this paragraph must be received by the Department no later than April 1, ~~2005~~ 2006 (or for ~~Tax Exempt~~Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be committed) and may not be more than one year old. ~~(2306.6703)~~

(E) In determining the age of an existing development as it relates to the application of the three-year period, the development will be considered from the date the Board took action on approving the allocation of tax credits. In dealing with ties between two or more Developments as it relates to this rule, refer to §~~49.~~50.9(j~~h~~).

(9) A submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department.

(b) **Disqualification and Debarment.** The Department will disqualify an Application, and/or debar a Person (see §2306.6721, Texas Government Code), if it is determined by the Department that any issues identified in the paragraphs of this subsection exist. The Department may~~shall~~ debar a Person for ~~no shorter period than the longer of~~ one year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer,~~.~~ i~~I~~f the Department determines the facts warrant it.~~, a Person may be debarred for up to fifteen years~~. Causes for disqualification and debarment include: (2306.6721)

(1) The provision of fraudulent information, knowingly falsified~~false~~ documentation, or other intentional or negligent material misrepresentation in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or,

(2) The Applicant, Development Owner, Developer or Guarantor or anyone that has ~~10% or more~~ ownership interest in the Development Owner, Developer or Guarantor that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance~~Non-Compliance~~ with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in §60.1 of this title on May 1, 2006 or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted; (2306.6721(c)(3)) or

(3) The Applicant, Development Owner, Developer or Guarantor or anyone that has ~~10% or more~~ ownership interest in the Development Owner, Developer or Guarantor that is active in the ownership or Control of one or more other rent restricted rental housing properties outside of the state of Texas has an incidence of Material Noncompliance~~Non-Compliance~~ with the LURA or the program rules in effect for such tax credit property as further described in §60.1 of this title on May 1, 2006 or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted; or

(4) The Applicant, Development Owner, Developer, or any Guarantor, or any Affiliate of such entity has been a Principal of any entity that failed to make all loan payments to the Department in accordance with the terms of the loan, as amended, or was otherwise in default with any provisions of any loans from the Department.

(5) The Applicant or the Development Owner that is active in the ownership or Control of one or more tax credit properties in the state of Texas has failed to pay in full any fees within 30 days of when they were billed by the Department, as further described in §~~49.~~50.20 of this title; or

(6) the Applicant or a Related Party and any Person who is active in the construction, R~~r~~ehabilitation, ownership, or Control of the proposed Development, including a General Partner or contractor, and a Principal or Affiliate of a General Partner or contractor, or an individual employed as a lobbyist by the Applicant or a Related Party, communicates with any Board member during the period of time beginning on the date an Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, unless the communication takes place at any board meeting or public hearing held with respect to that Application. Communication with Department staff must be in accordance with §~~49.~~50.9(b) of this title; violation of the communication restrictions of §~~49.~~50.9(b) is also a basis for disqualification and/or debarment. (2306.1113)

(7) It is determined by the Department's General Counsel that there is evidence that establishes probable cause to believe that an Applicant, Development Owner, Developer, or any of their employees or agents has violated a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733, Texas Government Code, or a section of Chapter 572, Texas Government Code, in making, advancing, or supporting the Application.

(8) Applicants may be ineligible as further described in §~~49.~~50.17(d~~c~~)(8) of this title.

(9) The Applicant or a Related Party has failed to comply in the past with, or materially violates, any condition imposed by the Department in connection with the allocation of Housing Tax Credits, or has repeatedly violated a LURA. (2306.6721(b), (c)(1) and (c)(3).

(c) **Certain Applicant and Development Standards.** Notwithstanding any other provision of this section, the Department may not allocate tax credits to a Development proposed by an Applicant if the Department determines that: (2306.223)

(1) the Development is not necessary to provide needed decent, safe, and sanitary housing at rental prices that individuals or families of low and very ~~low income~~low-income or families of moderate income can afford;

(2) the Development Owner undertaking the proposed Development will not supply well-planned and well-designed housing for individuals or families of low and very ~~low income~~low-income or families of moderate income;

(3) the Development Owner is not financially responsible;

(4) the Development Owner has contracted, or will contract for the proposed Development with, a 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) has breached a contract with a public agency and failed to cure that breach; 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 agency;

(5) the financing of the housing Development is not a public purpose and will not provide a public benefit; and

(6) the Development will be undertaken outside the authority granted by this chapter to the Department and the Development Owner. ~~(See 2306.223, Texas Government Code).~~

(d) **Representation by Former Board Member or Other Person.** (2306.6733)

(1) A former Board member or a former executive director, deputy executive director, director of multifamily finance production, director of portfolio management and compliance, director of real estate analysis or manager over housing tax credits previously employed by the Department may not:

(A) for compensation, represent an Applicant or one of its Related Parties for an allocation of tax credits before the second anniversary of the date that the Board member's, director's, or manager's service in office or employment with the Department ceased;

(B) represent any Applicant or a Related Party of an Applicant or receive compensation for services rendered on behalf of any Applicant or Related Party regarding the consideration of an Application in which the former board member, director, or manager participated during the period of service in office or employment with the Department, either through personal involvement or because the matter was within the scope of the board member's, director's, or manager's official responsibility; or for compensation, communicate directly with a member of the legislative branch to influence legislation on behalf of an Applicant or Related Party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the Department ceased.

(2) A Person commits a criminal ~~n~~ offense if the Person violates ~~this~~ section 2306.6733. An offense under this section is a Class A misdemeanor. ~~(See §2306.6733, Texas Government Code).~~

(e) **Due Diligence;~~,~~ Sworn Affidavit.** In exercising due diligence in considering information of possible ineligibility, possible grounds for disqualification and debarment, Applicant and Development standards, possible improper representation or compensation, or similar matters, the Department may request a sworn affidavit or affidavits from the Applicant, Development Owner, Developer, Guarantor, or other persons addressing the matter. If an affidavit determined to be sufficient by the Department is not received by the Department within seven business days of the date of the request by the Department, the Department may terminate the Application.

(f) **Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.** An Applicant or Person found ineligible, disqualified, debarred or otherwise terminated under subsections (a) - (e) of this section will be notified in accordance with the Administrative Deficiency process described in §~~49.~~50.9(d)(4) of this title. They may also utilize the appeals process described in §~~49.~~50.17(b) of this title. (2306.6721(d))

§~~49.~~50.6. Site and Development Restrictions: Floodplain;~~,~~ Ineligible Building Types;~~,~~ Scattered Site Limitations;~~,~~ Credit Amount;~~,~~ Limitations on the Size of Developments;~~,~~ Limitations no Rehabilitation Costs; Unacceptable Sites; Appeals and Administrative Deficiencies for Site and Development Restrictions.

(a) **Floodplain.** Any Development proposing N~~n~~ew C~~c~~onstruction 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 flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing R~~r~~ehabilitation, with the exception of developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for N~~n~~ew C~~c~~onstruction.

(b) **Ineligible Building Types**. Applications involving Ineligible Building Types as defined in §~~49.~~50.3(49~~47~~) of this title will not be considered for allocation of tax credits.

(c) **Scattered Site Limitations.** Consistent with §~~49.~~50.3(~~28~~30) of this title, a Development must be financed under a common plan, be owned by the same Person for federal tax purposes, and the buildings may be either located on a single site or contiguous site, or be located on scattered sites and contain only rent-restricted units.

(d) **Credit Amount.** The Department shall issue tax credits only in the amount needed for the financial feasibility and viability of a Development throughout the affordability period. The issuance of tax credits or the determination of any allocation amount in no way represents or purports to warrant the feasibility or viability of the Development by the Department, or that the Development will qualify for and be able to claim Housing Tax Credits. The Department will limit the allocation of tax credits to no more than $1.2 million per Development. The Department shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Housing Tax Credits approved by the Board during the ~~2005~~ 2006 calendar year, including commitments from the ~~2005~~ 2006 Credit Ceiling and forward commitments from the 2007~~2006~~ Credit Ceiling, are applied to the credit cap limitation for the ~~2005~~ 2006 Application Round. In order to encourage the capacity enhancement of developers in rural areas, the Department will prorate the credit amount allocated in situations where an Application is submitted in the Rural Regional Allocation and the Development has 76 Units or less. To be considered for this provision, a copy of a Joint Venture Agreement and narrative on how this builds the capacity of the inexperienced developers is required. ~~Tax Exempt~~Tax-Exempt Bond Development Applications are not subject to these Housing Tax Credit limitations, and ~~Tax Exempt~~Tax-Exempt Bond Developments will not count towards the total limit on tax credits per Applicant. The limitation does not apply (2306.6711(b)):

(1) to an entity which raises or provides equity for one or more Developments, solely with respect to its actions in raising or providing equity for such Developments (including syndication related activities as agent on behalf of investors);

(2) to the provision by an entity of "qualified commercial financing" within the meaning of the Code (without regard to the 80% limitation thereof);

(3) to a Qualified Nonprofit Organization or other not-for-profit entity, to the extent that the participation in a Development by such organization consists only of the provision of loan funds, grants or social services; and

(4) to a Development Consultant with respect to the provision of consulting services, provided the Development Consultant fee received for such services does not exceed 10% of the fee to be paid to the Developer (or 20% for Qualified Nonprofit Developments), or $150,000, whichever is greater.

(e) **Limitations on the Size of Developments.**

(1) The minimum Development size will be 16 Units if the Development involves Housing Tax Credits.~~;~~ ~~t~~The minimum Development size will be 4 Units if the funding source only involves the Housing Trust Fund or HOME Program.

(2) Rural Developments involving N~~n~~ew C~~c~~onstruction will be limited to 76 Units. Rural Developments involving only R~~r~~ehabilitation do not have a size limitation.

(3) Developments involving N~~n~~ew C~~c~~onstruction, that are not ~~Tax Exempt~~Tax-Exempt Bond Developments, will be limited to 252 Total Units, wherein the maximum Department administered Units will be limited to 200 Units. ~~Tax Exempt~~Tax-Exempt Bond Developments will be limited to 252 Total Units. These maximum Unit limitations also apply to those Developments which involve a combination of R~~r~~ehabilitation and N~~n~~ew C~~c~~onstruction. Developments that consist solely of acquisition/R~~r~~ehabilitation or R~~r~~ehabilitation only may exceed the maximum Unit restrictions. For those Developments which are a second phase or are otherwise adjacent to an existing tax credit Development unless such proposed Development is being constructed to provide replacement of previously existing affordable multifamily units on its site (in a number not to exceed the original units being replaced) or that were originally located within a one mile radius from the proposed Development, the combined Unit total for the Developments may not exceed the maximum allowable Development size, unless the first phase has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for at least six months.

(f) Limitations on the Location of Developments. Staff will only recommend, and the Board may only allocate, housing tax credits from the Credit Ceiling to more than one Development in the same calendar year if the Developments are, or will be, located more than one linear mile apart as determined by the Department. If the Board forward commits credits from the following year's allocation of credits, the Development is considered to be in the calendar year in which the Board votes, not in the year of the Credit Ceiling. This limitation applies only to communities contained within counties with populations exceeding one million (which for calendar year ~~2005~~ 2006 are Harris, Dallas, Tarrant and Bexar Counties). For purposes of this rule, any two sites not more than one linear mile apart are deemed to be "in a single community." (2306.6711) This restriction does not apply to the allocation of housing tax credits to Developments financed through the ~~Tax Exempt~~Tax-Exempt Bond program, including the ~~Tax Exempt~~Tax-Exempt Bond Developments under review and existing ~~Tax Exempt~~Tax-Exempt Bond Developments in the Department's portfolio. (2306.67021)

(g) **Rehabilitation Costs.** Rehabilitation Developments must establish that the R~~r~~ehabilitation will substantially improve the condition of the housing and will involve at least $12,000~~6,000~~ per Unit in direct hard costs unless financed with TX-USDA-RHS in which case the minimum is $6,000.

(h) **Unacceptable Sites**. Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department.

(i) **Appeals and Administrative Deficiencies for Site and Development Restrictions.** An Application or Development found to be in violation under subsections (a) - (h) of this section will be notified in accordance with the Administrative Deficiency process described in §50.9(d)(4) of this title. They may also utilize the appeals process described in §50.17(b) of this title.

§~~49.~~50.7. Regional Allocation Formula;~~,~~ Set-Asides;~~,~~ Redistribution of Credits.

(a) **Regional Allocation Formula.** ~~(2306.111)~~ As required by §2306.111(d), Texas Government Code, the Department uses a regional distribution formula developed by the Department to distribute credits from the State Housing Credit Ceiling to all urban/exurban areas and rural areas. The formula is based on the need for housing assistance, and the availability of housing resources in those urban/exurban areas and rural areas, and the Department uses the information contained in the Department's annual state low income housing plan and other appropriate data to develop the formula. This formula establishes separate targeted tax credit amounts for rural areas and urban/exurban areas within each of the Uniform State Service Regions. Each Uniform State Service Region's targeted tax credit amount will be published on the Department's web site. The regional allocation for rural areas is referred to as the Rural Regional Allocation and the regional allocation for urban/exurban areas is referred to as the Urban/Exurban Regional Allocation. Developments qualifying for the

Rural Regional Allocation must meet the Rural Development definition. ~~or be located in a Prison Community.~~ At least~~Approximately~~ 5% of each region's allocation for each calendar year shall be allocated to Developments which are financed through TX-USDA-RHS, ~~and~~ that meet the definition of a Rural Development, ~~and~~ do not exceed 76 Units if ~~n~~New ~~c~~Construction, and have filed an "Intent to Request 2006 Housing Tax Credits" form by the Pre-Application submission deadline. These Developments will be attributed to the Rural Regional Allocation in each region where they are located. Developments financed through TX-USDA-RHS's 538 Guaranteed Rural Rental Housing Program will not be considered under this set-aside. Commitments of ~~2005~~ 2006 Housing Tax Credits issued by the Board in 2005~~2004~~ will be applied to each Set-Aside, Rural Regional Allocation, Urban/Exurban Regional Allocation and TX-USDA-RHS Allocation for the ~~2005~~ 2006 Application Round as appropriate.

(b) **Set-Asides.** An Applicant may elect to compete in as many of the following Set-Asides for which the proposed Development qualifies: (2306.111(d))

(1) At least 10% of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of the Code, §42(h)(5). Qualified Nonprofit Organizations must have the Controlling interest in the Qualified Nonprofit Development applying for this Set-Aside. If the organization's Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the controlling managing General Partner. If the organization's Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, a Qualified Nonprofit Development submitting an Application in the nonprofit set-aside must have the nonprofit entity or its nonprofit affiliate or subsidiary be the Developer or a co-Developer as evidenced in the development agreement. (2306.6729 and 2306.6706(b))

(2) At least 15% of the allocation to each Uniform State Service Region will be set aside for allocation under the At-Risk Development Set-Aside. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of ~~d~~Developments designated as At-Risk Developments as defined in §~~49.~~50.3(13~~12~~) of this title. (2306.6714). To qualify as an At-Risk Development, the Applicant must provide evidence that it either is not eligible to renew, retain or preserve any portion of the financial benefit described in §~~49.~~50.3(13~~12~~)(A) of this title, or provide evidence that it will renew, retain or preserve the financial benefit described in §~~49.~~50.3(13~~12~~)(A) of this title; and must have filed an "Intent to Request 2006 Housing Tax Credits" form by the Pre-Application submission deadline.

(c) **Redistribution of Credits.** (2306.111(d)) If any amount of housing tax credits remain after the initial commitment of housing tax credits among the Rural Regional Allocation and Urban/Exurban Regional Allocation within each Uniform State Service Region and among the Set-Asides, the Department may redistribute the credits amongst the different regions and Set-Asides depending on the quality of Applications submitted as evaluated under the factors described in §~~49.~~50.9(d) of this title, the need to most closely achieve regional allocation goals and then the level of demand exhibited in the Uniform State Service Regions during the Allocation Round. However as described in subsection (b)(1) of this section, no more than 90% of the State's Housing Credit Ceiling for the calendar year may go to Developments which are not Qualified Nonprofit Developments. If credits will be transferred from a Uniform State Service Region which does not have enough qualified Applications to meet its regional credit distribution amount, then those credits will be apportioned to the other Uniform State Service Regions.

§~~49.~~50.8. Pre-Application: Submission;~~,~~ Communication with Departments Staff; Evaluation Process;~~,~~ Threshold Criteria and Review;~~,~~ Results. (2306.6704)

(a) **Pre-Application Submission**. Any Applicant requesting a Housing Credit Allocation may submit a Pre-Application to the Department during the Pre-Application Acceptance Period along with the required Pre-Application Fee as described in §~~49.~~50.20 of this title. Only one Pre-Application may be submitted by an Applicant for each site under the State Housing Credit Ceiling. The Pre-Application submission is a voluntary process. While the Pre-Application Acceptance Period is open, Applicants may withdraw their Pre-Application and subsequently file a new Pre-Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized to request the Applicant to provide additional information it deems relevant to clarify information contained in the Pre-Application or to submit documentation for items it considers to be Administrative Deficiencies. The rejection of a Pre-Application shall not preclude an Applicant from submitting an Application with respect to a particular Development or site at the appropriate time.

(b) **Communication with the Department.** Applicants that submit a Pre-Application are restricted from communication with Department staff as provided in §~~49.~~50.9(b) of this title. (2306.1113)

(c) **Pre-Application Evaluation Process.** Eligible Pre-Applications will be evaluated for Pre-Application Threshold Criteria. ~~Any Application from a~~A TX-USDA-RHS 515 Development (only for R~~r~~ehabilitation) ~~is exempted from the Pre-Application Evaluation Process and~~ will ~~automatically~~ receive the Pre-Application points further outlined in §~~49.~~50.9(i~~g~~) of this title upon submission to the Department of an executed TX-USDA-RHS letter indication TX-USDA-RHS has received a Consent Request, also referred to as a preliminary Submittal, as described in 7 CFR 3560.406. Applications involving New Construction that are associated with a TX-USDA-RHS Development are not exempt from Pre-Application and are eligible to compete for the Pre-Application points further outlined in §~~49.~~50.9(i~~g~~) of this title. An Application that has not received confirmation from the state office of RHS of its financing from TX-USDA-RHS may qualify for Pre-Application points, but such points shall be withdrawn upon the Development's receipt of TX-USDA-RHS financing. Pre-Applications that are found to have Administrative Deficiencies will be handled in accordance with §~~49.~~50.9(d)(4) of this title. Department review at this stage is limited and not all issues of eligibility and threshold are reviewed at Pre-Application. Acceptance by staff of a Pre-Application does not ensure that an Applicant satisfies all Application eligibility, Threshold or documentation requirements. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of Pre-Application.

(d) **Pre-Application Threshold Criteria and Review**. Applicants submitting a Pre-Application will be required to submit information demonstrating their satisfaction of the Pre-Application Threshold Criteria. The Pre-Applications not meeting the Pre-Application Threshold Criteria will be terminated and the Applicant will receive a written notice to the effect that the Pre-Application Threshold Criteria have not been met. The Department shall not be responsible for the Applicant's failure to meet the Pre-Application Threshold Criteria and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Pre-Application Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. The Pre-Application Threshold Criteria include:

(1) Submission of a "Pre-Application Submission Form" and "Certification of Pre-Application Itemized ~~Total~~ Self-Score" and

(2) Evidence of property~~site~~ control through March 1, ~~2005~~ 2006 as evidenced by the documentation required under §~~49.~~50.9(h~~f~~)(7)(A) of this title.

(3) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Notifications under subparagraph (B)(i) of this paragraph must be made by the deadlines described in that clause; notifications under subparagraphs (B)(ii) - (ix) of this paragraph must be made prior to the close of the Pre-Application Acceptance Period. (2306.6704) Evidence of notification must meet the requirements identified in subparagraph (A) of this paragraph to all of the individuals and entities identified in subparagraph (B) of this paragraph. Evidence of such notifications shall include a certification in the format provided by the Department that ~~copy of the exact letter and other materials that were sent to the individual or entity, a sworn certified affidavit stating that they~~ the Applicant made the notifications to all required individuals and entities in the format provided by the Department on or before~~prior to~~ the deadlines ~~and a copy of the entire mailing list (which includes the names and addresses) of all of the recipients~~. ~~(2306.6705)~~ (2306.6704)

(A) Each such notice must include, at a minimum, all of the following:

(i) The Applicant's name, address, individual contact name and phone number;

(ii) The Development name, address, city and county;

(iii) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) Statement of whether the Development proposes N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or~~, transitional,~~ elderly);

(vi) The approximate total number of Units and approximate total number of ~~low income~~low-income Units;

(vii) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate;

(viii) The number of Units and proposed rents (less utility allowances) for the ~~low income~~low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur; and

(ix) The expected completion date if credits are awarded.

(B) Notification must be sent to all of the following individuals and entities. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(i) Neighborhood Organizations on record with the state or county. Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. ~~Notification to Local Elected Officials for Neighborhood Organization Input.~~ Evidence in the form of a certification must be provided that a letter requesting information on neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site and meeting the requirements of "~~Local Elected Official Notification~~Neighborhood Organization Request" as outlined in the Application was sent no later than December 20, 2005~~2004~~ to the local elected official for the city or if located outside of a city, then the county where the Development is proposed to be located. If the Development is located in a jurisdiction that has district based local elected officials, or both at-large and district based local elected officials, the request~~notification~~ must be made to the city council member or county commissioner representing that district; if the Development is located in a jurisdiction that has only at-large local elected officials, the request ~~notification~~ must be made to the mayor or county judge for the jurisdiction. ~~A copy of the reply letter or other official third-party documentation from the local elected official must be provided.~~ For urban/exurban areas, entities identified in the letter from the local elected official whose boundaries include the proposed Development and whose listed address has the same zip code as the zip code for the Development must be provided with written notification~~, and evidence of that notification must be provided~~. If any other zip codes exist within a half mile of the Development site, then all entities identified in the letters with those adjacent zip codes must also be provided with written notification~~, and evidence of that notification must be provided~~. For rural areas, all entities identified in the letters whose listed address is within a half mile of the Development site must be provided with written notification~~, and evidence of that notification must be provided~~. If the Applicant can ~~provide evidence~~certify that there are no neighborhood organizations ~~proposed Development is not located within the boundaries of an entity~~ on any list from the local elected officials which are required to be notified pursuant to this subsection, then such ~~evidence~~ certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by January 1, ~~2005~~2006, (or For ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application) then the Applicant must submit a statement attesting to that fact. If an Applicant has knowledge of any neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site, the Applicant must notify those organizations. ~~The Applicant must also certify that any organizations in a response letter that are not notified do not contain the proposed Development site within their boundaries.~~ In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from~~also notify~~ that source in the same format~~and request the same information~~. If the Applicant has no knowledge of neighborhood organizations within whose boundaries the Development is proposed to be located, the Applicant must attest to that fact in the format provided by the Department as part of the Application.

(ii) Superintendent of the school district containing the Development;

(iii) Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the governing body of any municipality containing the Development;

(vi) Presiding officer of the governing body of the county containing the Development;

(vii) All elected members of the governing body of the county containing the Development;

(viii) State senator of the district containing the Development; and

(ix) State representative of the district containing the Development.

(e) **Pre-Application Results**. Only Pre-Applications which have satisfied all of the Pre-Application Threshold Criteria requirements set forth in subsection (d) of this section and §~~49.~~50.9(i~~g~~)(12~~10~~) of this title, will be eligible for Pre-Application points. The order and scores of those Developments released on the Pre-Application Submission Log do not represent a commitment on the part of the Department or the Board to allocate tax credits to any Development and the Department bears no liability for decisions made by Applicants based on the results of the Pre-Application Submission Log. Inclusion of a Development on the Pre-Application Submission Log does not ensure that an Applicant will receive points for a Pre-Application.

§~~49.~~50.9. Application: Submission;~~,~~ Communication with Department Employees; Adherence to Obligations;~~,~~ ~~Evaluation Process~~ Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling;~~,~~ Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the 2007 Credit Ceiling; ~~Required~~

Experience Pre-Certification Procedures;~~ and Acknowledgement,~~ Threshold Criteria;~~,~~ Selection Criteria;~~,~~ Tiebreaker~~Evaluation~~ Factors;~~,~~ Staff Recommendations.

(a) **Application Submission.** Any Applicant requesting a Housing Credit Allocation or a Determination Notice must submit an Application, and the required Application fee as described in §~~49.~~50.20 of this title, to the Department during the Application Acceptance Period. Only complete Applications will be accepted. All required volumes must be appropriately bound as required by the Application Submission Procedures Manual and fully complete for submission and received by the Department not later than 5:00 p.m. on the date the Application is due. Only one Application may be submitted for a site in an Application Round. While the Application Acceptance Period is open, Applicants may withdraw their Application and subsequently file a new Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized, but not required, to request the Applicant to provide additional information it deems relevant to clarify information contained in the Application or to submit documentation for items it considers to be an Administrative Deficiency, including ~~both~~ ineligibility criteria, site and development restrictions, and threshold and selection criteria documentation. (2306.6708) An Applicant may not change or supplement an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §~~49.~~50.3(1) of this title or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~49.~~50.17(d) of this title.

(b) **Communication with Department Employees.** Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established under paragraphs (1) - (3) of this subsection. Section ~~49.~~50.5(b)(6~~7~~) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) The communication must be restricted to technical or administrative matters directly affecting the Application;

(2) The communication must occur or be received on the premises of the Department during established business hours;

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication. (2306.1113)

(c) **Adherence to Obligations.** (2306.6720, General Appropriation Act, Article VII, Rider 8(a)) All representations, undertakings and commitments made by an Applicant in the application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, shall be deemed to be a condition to any Commitment Notice, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment Notice, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. Effective December 1, 2006 (meaning this does not apply to amendments received prior to this effective date and does not apply to 2006 Tax Credit Applications), if a Development Owner does not produce the Development as represented in the Application and in any amendments approved by the Department subsequent to the Application, or does not provide the necessary evidence for points received for the Commitment of Development Funding by Local Political Subdivisions by the required deadline (unless granted an extension by the Department):

(1) the Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) the Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score by ten points for applications for tax credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was identified by the Department; and

(B) prohibit eligibility to apply for tax credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for 12 months from the date that the non-conforming aspect, or lack of financing, was identified by the Department.

~~To protect the integrity of the Department's processes and decisions, evidence of false statements or misrepresentations from applicant representatives, neighborhood representatives, or other persons will be considered for appropriate action, including terminating the Application, rejecting neighborhood organization letters for scoring, and possible referral to local district and county attorneys.~~

(d) **Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling.** Applications submitted for competitive consideration under the State Housing Credit Ceiling will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49.~~50.5~~(b)(2)~~; Applicants will be promptly notified in these instances.

(1) Eligibility and Selection Criteria Review. All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility under §~~49.~~50.5 ~~and §49.6~~ of this chapter and Set-Aside eligibility will be confirmed. Then, each Application will be preliminarily scored according to the Selection Criteria listed in subsection (i~~g~~) of this section. When a particular scoring criterion involves multiple points, the Department will award points to the proportionate degree, in its determination, to which a proposed Development complied with that criterion. As necessary to complete this process only, Administrative Deficiencies may be issued to the Applicant. This process will generate a preliminary Department score for every application.

(2) Priority Review Assessment. Each Application will be assessed based on either the Applicant's self-score or the Department's preliminary score, region, and any Set-Asides that the Application indicates it is eligible for, consistent with paragraph (5) of this subsection. Those Applications that appear to be most competitive will be designated as "priority" Applications. Applications that do not appear to be competitive may not be reviewed in detail for Threshold Criteria during the Application Round.

(3) Threshold Criteria Review. Applications that are designated as "priority" from the Priority Review Assessment will be evaluated in detail for eligibility under §50.6 of this chapter and against the Threshold Criteria. Applications not meeting Threshold Criteria ~~will be terminated, unless the Department determines that the failure to meet the Threshold Criteria is the result of~~ will be notified of any Administrative Deficiencies, in which event the Applicant is~~may be~~ given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria. To the extent that the review of Threshold Criteria documentation, or submission of Administrative Deficiency documentation, alters the score assigned to the Application, Applicants will be notified of their final score. As Applications are evaluated under this Review process, a final score by the Department may remove the Application from "priority" status at which point other Applications may be designated as "priority" and reviewed under this paragraph.

(4) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility and Selection, and Threshold Criteria may occur separately, Administrative Deficiency requests may be made several times. The Department staff will~~may~~ request clarification or correction in a deficiency notice in the form of a facsimile, email (if an email address is provided by the Applicant) and a telephone call to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department within ~~eight~~five business days of the deficiency notice date, then for competitive Applications under the State Housing Credit Ceiling five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within ~~ten~~seven business days from the deficiency notice date, then the Application shall be terminated. The time period for

responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period.

(5) Subsequent Evaluation of Prioritized Applications and Methodology for Award Recommendations to the Board. The Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division – in general these will be those applications identified as "priority". This prioritization order will also be used in making recommendations to the Board. Assignments will be determined by first selecting the Applications with the highest scores in the At-Risk Set-Aside and TX-USDA-RHS Allocation within each Uniform State Service Region until the minimum requirements stated in §50.7(b) are attained. Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments, regardless of Set-Aside, in accordance with the requirements under §~~49.~~50.7(a) of this title for a Rural Regional Allocation and Urban/Exurban Regional Allocation. After this priority review has occurred, staff will review priority applications to ensure that at least 10% of the priority applications are qualified Nonprofits to satisfy the Nonprofit Set-Aside. If 10% is not met, then the Department will add the highest Qualified Nonprofits statewide until the 10% Nonprofit Set-Aside is met. Selection for each of the Set-Asides will take precedence over selection for the Rural Regional Allocation and Urban/Exurban Regional Allocation. Funds for the Rural Regional Allocation or Urban/Exurban Regional Allocation within a region, for which there are no eligible feasible applications, will be redistributed as provided in §~~49.~~50.7(c) of this title, Redistribution of Credits. If the Department determines that an allocation recommendation would cause a violation of the $2 million limit described in §~~49.~~50.6(d) of this title, the Department will make its recommendation by selecting the Development(s) that most effectively satisfies(y) the Department's goals in meeting set-aside and regional allocation goals. Based on Application rankings, the Department shall continue to underwrite Applications until the Department has processed enough Applications satisfying the Department's underwriting criteria to enable the allocation of all available housing tax credits according to regional allocation goals and Set-Aside categories. To enable the Board to establish a Waiting List, the Department shall underwrite as many additional Applications as necessary to ensure that all available housing tax credits are allocated within the period required by law. (2306.6710(a), (b) and (d); 2306.111)

(6) Underwriting Evaluation and Criteria. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits. In determining an appropriate level of housing tax credits, the Department shall, at a minimum, evaluate the cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for the county in which the Development is to be located; if certifications are unavailable for the county, then the metropolitan statistical area in which the Development is to be located; or if certifications are unavailable under the county or the metropolitan statistical area, then the Uniform State Service Region in which the Development is to be located. Underwriting of a Development will include a determination by the Department, pursuant to the Code, §42, that the amount of credits recommended for commitment to a Development is necessary for the financial feasibility of the Development and its long-term viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title. Receipt of feasibility points under §~~49.~~50.9(i~~g~~)(1) of this title does not ensure that an Application will be considered feasible during the feasibility evaluation by the Real Estate Analysis Division and conversely, a Development may be found feasible during the feasibility evaluation by the Real Estate Analysis Division even if it did not receive points under §~~49.~~50.9(i~~g~~)(1) of this title. (2306.6711(b); 2306.6710(d))

(A) The Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation.

(B) The Department will reduce the Applicant's estimate of Developer's and/or Contractor fees in instances where these exceed the fee limits determined by the Department. In the instance where the Contractor is an Affiliate of the Development Owner and both parties are claiming fees, Contractor's overhead, profit, and general requirements, the Department shall be authorized to reduce the total fees estimated to a level that it determines to be reasonable under the circumstances. Further, the Department shall deny or reduce the amount of Housing Tax Credits allocated with respect to any portion of costs which it deems excessive or unreasonable. Excessive or unreasonable costs may include developer fee attributable to Related Party acquisition costs. The Department also may require bids or Third Party estimates in support of the costs proposed by any Applicant.

(7) Compliance Evaluation. After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division, in accordance with Chapter 60 of this title.

(8) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns. Such inspection will evaluate the site based upon the criteria set forth in the Site

Evaluation form provided in the Application and the inspector shall provide a written report of such site evaluation. The evaluations shall be based on the condition of the surrounding neighborhood, including appropriate environmental and aesthetic conditions and proximity to retail, medical, recreational, and educational facilities, and employment centers. The site's appearance to prospective tenants and its accessibility via the existing transportation infrastructure and public transportation systems shall be considered. "Unacceptable" sites include, without limitation, those containing a non-mitigable environmental factor that may adversely affect the health and safety of the residents. For Developments applying under the TX-USDA-RHS Set-Aside, the Department may rely on the physical site inspection performed by TX-USDA-RHS.

(e) Evaluation Process for Tax-Exempt Bond Development Applications. Applications submitted for consideration as Tax-Exempt Bond Developments will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §50.5; Applicants will be promptly notified in these instances.

(1) Eligibility and Threshold Criteria Review. All Tax-Exempt Bond Development Applications will first be reviewed as described in this paragraph. Tax-Exempt Bond Development Applications will be confirmed for eligibility under §50.5 and §50.6 of this chapter and Applications will be evaluated in detail against the Threshold Criteria. Tax-Exempt Bond Development Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.

(2) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies as further described in subsection (d)(4) of this section.

(3) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Tax-Exempt Bond Development Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits as further described in subsection (d)(6) of this section. Tax-Exempt Bond Development Applications will also be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60 of this title.

(4) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(f) Evaluation Process for Rural Rescue Applications Under the 2007 Credit Ceiling. Applications submitted for consideration as Rural Rescue Applications pursuant to §50.10(c) of this title under the 2007 Credit Ceiling will be reviewed according to the process outlined in this subsection. A Rural Rescue Application, during any of these stages of review, may be determined to be ineligible as further described in §50.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Eligibility and Threshold Criteria Review. All Rural Rescue Applications will first be reviewed as described in this paragraph. Rural Rescue Applications will be confirmed for eligibility under §50.5 and §50.6 of this chapter, Set-Aside and Rural Rescue eligibility will be confirmed, and Applications will be evaluated in detail against the Threshold Criteria. Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.

(2) Selection Criteria Review. All Rural Rescue Applications will be evaluated against the Selection Criteria and a score will be assigned to the Application. The minimum score for Selection Criteria is not required to be achieved to be eligible.

(3) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the

Department staff may request clarification or correction of such Administrative Deficiencies as further described in subsection (d)(4) of this section.

(4) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Tax-Exempt Bond Development Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits as further described in subsection (d)(6) of this section. Tax-Exempt Bond Development Applications will also be reviewed for evaluation of the previous participation by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60 of this title.

(5) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(g~~e~~) Experience Pre-Certification ~~and Acknowledgement~~ Procedures. No later than 14 days prior to the close of the Application Acceptance Period, an Applicant must submit the documents required in this subsection to obtain the required pre-certification. ~~and acknowledgement.~~ For Applications submitted for ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) all of the documents in this section must be submitted with the Application.

~~(1) Experience Certificate.~~ Upon receipt of the evidence required under this section~~paragraph~~, a certification from the Department will be provided to the Applicant for inclusion in their Application(s). Evidence must show that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units (single family or multifamily) in the capacity of owner, General Partner or Developer. If a Public Housing Authority organized an entity for the purpose of developing residential units the Public Housing Authority shall be considered a principal for the purpose of this requirement. If the individual requesting the certification was not the Development Owner, General Partner or Developer, but was the individual within one of those entities doing the work associated with the development of the units, the individual must show that the units were successfully developed as required below, and also provide written confirmation from the entity involved stating that the individual was the person responsible for the development. If rehabilitation experience is being claimed to qualify for an Application involving new construction, then the rehabilitation must have been substantial and involved at least $6,000 of direct hard cost per unit.

(1)~~(A)~~ The term "successfully" is defined as acting in a capacity as the owner, General Partner, or Developer of:

(A)~~(i)~~ at least 100 residential units~~;~~ or 80 percent of the total number of Units the applicant is applying to build (e.g. you must have 40 units successfully built to apply for 50 Units); or

(B)~~(ii)~~ at least 36 residential units if the Development applying for credits is a Rural Development; or

(C)~~(iii)~~ at least 25 residential units if the Development applying for credits has 36 or fewer total Units.

(2)~~(B)~~ One of the following documents must be submitted: American Institute of Architects (AIA) Document A111 - Standard Form of Agreement Between Owner & Contractor, AIA Document G704 - Certificate of Substantial Completion, IRS Form 8609, HUD Form 9822, development agreements, partnership agreements, or other documentation satisfactory to the Department verifying that the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals have the required experience. If submitting the IRS Form 8609, only one form per Development is required. The evidence must clearly indicate:

(A)~~(i)~~ that the Development has been completed (i.e. Development Agreements, Partnership Agreements, etc. must be accompanied by certificates of completion~~.~~);

(B)~~(ii)~~ that the names on the forms and agreements tie back to the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals as listed in the Application; and

(C)~~(iii)~~ the number of units completed or substantially completed.

~~(2) Financial Statement and Authorization to Release Credit Information. At the option of the Applicant, financial statements may be pre-submitted and a Department acknowledgement of receipt substituted for the financials in the subsequent Application. The acknowledgement will not constitute acceptance by the Department that financial statements provided are acceptable in any manner but only acknowledge their receipt. Applicants that do not opt to pre-submit financial statements and authorization to release credit information must provide a full submission in accordance with this paragraph at the time of application. The financial statements and authorization to release credit information must be unbound and clearly labeled. A "Financial Statement and Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has 10% or more ownership interest in the~~

~~Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit.~~

~~(A) Financial statements for an individual must not be older than 90 days from the date of Application submission.~~

~~(B) Financial statements for partnerships or corporations should be for the most recent fiscal year ended 90 days prior to the date of Application submission. An audited financial statement should be provided, if available, and all partnership or corporate financials must be certified. Financial statements are required for an entity even if the entity is wholly-owned by a Person who has submitted this document as an individual.~~

~~(C) Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case.~~

~~(3) Previous Participation. Upon receipt of the evidence required under this paragraph, an acknowledgement from the Portfolio Management and Compliance Division will be provided to the Applicant for inclusion in their Application(s). A completed and executed "Previous Participation and Background Certification Form" as provided in the Application must be provided for the Applicant, Development Owner, Developer and Guarantor and each entity shown on an organizational chart as described in subsection (f)(9)(A) of this section that has 10% or more ownership interest in the Development Owner, Developer or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. The 2005 versions of these forms, as required in the Uniform Application, must be submitted. Units of local government are also required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Person. All participation in any TDHCA funded or monitored activity, including non-housing activities, must be disclosed.~~

~~(4) National Previous Participation. Upon receipt of the evidence required under this paragraph, an acknowledgement from the Portfolio Management and Compliance Division will be provided to the Applicant for inclusion in their Application(s). If the Applicant, Development Owner or any of its Affiliates, Developer and Guarantor or any entity shown on the organizational chart described in subsection (f)(9)(A) of this section that have 10% or more ownership interest in the Development Owner have, or have had, ownership or Control of affordable housing, being housing that receives any form of financing and/or assistance from any Governmental Entity for the purpose of enhancing affordability to persons of low or moderate income, outside the state of Texas, then evidence must be submitted that such Persons have sent the "National Previous Participation and Background Certification Form" to the appropriate Housing Credit Agency for each state in which they have developed or operated affordable housing. Nonprofit entities and public housing authorities are only required to submit documentation for the entity itself; documentation for board members and executive directors is not required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. This form is only necessary when the Developments involved are outside the state of Texas. An original form is not required. Evidence of such notification shall be a copy of the form sent to the agency and proof of delivery in the form of a certified mail receipt, overnight mail receipt, or confirmation letter from the agency.~~

(h~~f~~) **Threshold Criteria.** The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

(1) Completion and submission of the Application, which includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (2306.1111)

(2) Completion and submission of the Site Packet as provided in the Application.

(3) Set-Aside Eligibility. Documentation must be provided that confirms eligibility for all Set-Asides under which the Application is seeking funding as required in the Application.

(4) Certifications. The "Certification Form" provided in the Application confirming the following items:

(A) A certification of the basic amenities selected for the Development. All Developments, must meet at least the minimum threshold of points. These points are not associated with the selection criteria points in subsection (i) of this section~~in this title~~. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to satisfy~~complete~~ this requirement~~exhibit~~. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from clause (ii) of this subparagraph and made available for the benefit of all tenants. Developments proposing R~~r~~ehabilitation or proposing Single Room Occupancy will receive double points for each item. Applications for scattered site housing, including N~~n~~ew C~~c~~onstruction, R~~r~~ehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site. Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §~~49.~~50.17(d~~c~~) of this title and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

(i) Applications must meet a minimum threshold of points (based on the total number of Units in the Development) as follows:

(I) Total Units are less than 13, 0 points are required to meet Threshold for R~~r~~ehabilitation and 1 point is required for N~~n~~ew C~~c~~onstruction;

(II) Total Units are between 13 and 24, 1 point is required to meet Threshold;

(III) Total Units are between 25 and 40, 3 points are required to meet Threshold;

(IV) Total Units are between 41~~40~~ and 76, 6 points are required to meet Threshold;

(V) Total Units are between 77 and 99, 9 points are required to meet Threshold;

(VI) Total Units are between 100 and 149, 12 points are required to meet Threshold;

(VII) Total Units are between 150 and 199, 15 points are required to meet Threshold;

(VIII) Total Units are 200 or more, 18 points are required to meet Threshold.

(ii) Amenities for selection include those items listed in subclauses (I) - (XXIV) of this clause. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity unless the item is specifically restricted to one type of Development. All amenities must meet accessibility standards as further described in §~~49.~~50.9(h~~f~~)(4)(D) and (F) of this title. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

(I) Full perimeter fencing ~~with controlled gate access~~ (2~~3~~ points);

(II) ~~Full perimeter fencing without c~~Controlled gate access (1~~2~~ point~~s~~);

(III) Gazebo w/sitting area (1 point);

(IV) Accessible walking path (1 point);

(V) Community gardens (1 point);

(VI) Community laundry room (1 point);

(VII) Public telephone(s) available to tenants 24 hours a day (2 points);

(VIII) Barbecue grills and picnic tables--at least one for every 50 Units (1 point);

(IX) Covered pavilion that includes barbecue grills and tables (2 points);

(X) Swimming pool (3 points);

(XI) Furnished fitness center (2 points);

(XII) Equipped Business Center (computer and fax machine) or Equipped Computer Learning Center (2 points);

(XIII) Furnished Community room (1 point);

(XIV) Library (separate from the community room) (1 point);

(XV) Enclosed sun porch or covered community porch/patio (2 points);

(XVI) Service coordinator office in addition to leasing offices (1 point);

(XVII) Senior Activity Room (Arts and Crafts, etc.)--Only Qualified Elderly Developments Eligible (2 points);

(XVIII) Health Screening Room (1 point);

(XIX) Secured Entry (elevator buildings only)--(1 point);

(XX) Horseshoe, Lawn Bowling Courts, Croquet Courts, Bocce Ball Courts, Putting Green or Shuffleboard Court--Only Qualified Elderly Developments Eligible (1 point);

(XXI) Community Dining Room w/full or warming kitchen--Only Qualified Elderly Developments Eligible (3 points);

(XXII) Two Children's Playgrounds Equipped for 5 to 12 year olds, two Tot Lots, or one of each--Only Family Developments Eligible (2 points) or one point for one playground or one tot lot;

(XXIII) Sport Court (Tennis, Basketball or Volleyball)--Only Family Developments Eligible (2 points); or

(XXIV) Furnished and staffed Children's Activity Center--Only Family Developments Eligible (3 points).

(B) A certification that the Development will have all of the following Unit Amenities (not required for Single Room Occupancy Developments). If fees in addition to rent are charged for amenities, then the amenity may not be included among those provided to satisfy~~complete~~ this requirement~~exhibit~~. Any future changes in these amenities, or substitution of these amenities, may result in a decrease in awarded credits if the substitution or change includes a decrease in cost or in a cancellation of a Commitment Notice or Carryover Allocation if the Threshold Criteria are no longer met.

(i) All New Construction Units must be built with three networks: One network installed for phone using CAT5e or better wiring; a second network for data installed using CAT5e or better wiring; and a third network for TV services using COAX cable;

(ii) Mini blinds or window coverings for all windows;

(iii) Dishwasher and Disposal (not required for TX-USDA-RHS Developments);

(iv) Refrigerator;

(v) Oven/Range;

(vi) Exhaust/vent fans in bathrooms; and

(vii) Ceiling fans in living areas and bedrooms.

(C) A certification that the Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or if no local building codes are in place then to the most recent version of the International Building Code.

(D) A certification that the Applicant is in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Section 3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. Section 3601 et seq.); the Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.); the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.); the Rehabilitation Act of 1973 (29 U.S.C. Section 701 et seq.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (2306.257; 2306.6705~~(a)~~(7))

(E) A certification that the Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses, and that the Applicant will submit a report at least once in each 90-day period following the date of the Commitment Notice until the Cost Certification is submitted, in a format prescribed by the Department and provided at the time a Commitment Notice is received, on the percentage of businesses with which the Applicant has contracted that qualify as Minority Owned Businesses. (2306.6734)

(F) Pursuant to §2306.6722, any Development supported with a housing tax credit allocation shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from an accredited architect or Department-approved third party accessibility specialist, that the Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C and this subparagraph. This includes that for all N~~n~~ew C~~c~~onstruction Developments, a minimum of five percent of the total dwelling Units or at least one Unit, whichever is greater, shall be made accessible for individuals with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with sections 3–8 of the Uniform Federal Accessibility Standards (UFAS), shall be deemed to meet this requirement. An additional two percent of the total dwelling Units, or at least one Unit, whichever is greater, shall be accessible for individuals with hearing or vision impairments. Additionally, in Developments involving N~~n~~ew C~~c~~onstruction where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code. (2306.6722 and 2306.6730)

(G) A certification that the Development will be equipped with energy saving devices that meet the ~~2000 International Energy Conservation Code (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. All Units must be air-conditioned.~~ or utilize evaporative coolers.~~ The measures must be certified by the Development architect as being included in the design of each tax credit Unit at the time the 10% Test Documentation is submitted and in actual construction upon Cost Certification. (2306.6725(b)(1))

(H) A certification that the Development will be built by a General Contractor that satisfies the requirements of the General Appropriation Act, Article VII, Rider ~~7~~8(c) applicable to the Department which requires that the General Contractor hired by the Development Owner or the Applicant, if the Applicant serves as General Contractor, must demonstrate a history of constructing similar types of housing without the use of federal tax credits.

(I) A certification that the Development Owner agrees to establish a reserve account consistent with 2306.186 Texas Government Code and as further described in §1.37 of this title. ~~(Section 2306.186)~~

(J) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a neighborhood organization for purposes of subsection 50.9(i)(2) of this title, has not given money or a gift to cause the neighborhood organization to take its position of support or opposition, nor has provided any assistance to a neighborhood organization to meet the requirements under 50.9(i)(2) of this title which are not allowed under that subsection, as it relates to the Applicant's Application or any other Application under consideration in 2006.

(K) A certification that the Development Owner will cooperate with the local public housing authority, to the extent there are any, in accepting tenants from their waiting lists (42(m)(1)(C)(vi).

(5) Design Items. This exhibit will provide:

(A) All of the architectural drawings identified in clauses (i) - (iii) of this subparagraph. While full size design or construction documents are not required, the drawings must have an accurate and legible scale and show the dimensions. All Developments involving N~~n~~ew C~~c~~onstruction, or conversion of existing buildings not configured in the Unit pattern proposed in the Application, must provide all of the items identified in clauses (i) - (iii) of this subparagraph. For Developments involving R~~r~~ehabilitation for which the Unit configurations are not being altered, only the items identified in clauses (i) and (ii) of this subparagraph are required:

(i) a site plan which:

(I) is consistent with the number of Units and Unit mix specified in the "Rent Schedule" provided in the Application;

(II) identifies all residential and common buildings and amenities; and

(III) clearly delineates the flood plain boundary lines and all easements shown in the site survey;

(ii) floor plans and elevations for each type of residential building and each common area building clearly depicting the height of each floor and a percentage estimate of the exterior composition; and

(iii) Unit floor plans for each type of Unit showing special accessibility and energy features. The net rentable areas these Unit floor plans represent should be consistent with those shown in the "Rent Schedule" provided in the application;~~. For purposes of completing the Rent Schedule for loft or studio type Units (which still must meet the definition of Bedroom), a Unit with 650 square feet or less is considered not more than a one-bedroom Unit, a Unit with 651 to 900 square feet is considered not more than a two-bedroom Unit and a Unit with greater than 900 square feet is considered not more than a three-bedroom Unit;~~ and

(B) A boundary survey of the proposed Development site and of the property to be purchased. In cases where more property is purchased than the proposed site of the Development, the survey or plat must show the survey calls for both the larger site and the subject site. The survey does not have to be recent; but it must show the property purchased and the property proposed for development. In cases where the site of the Development is only a part of the site being purchased, the depiction or drawing of the Development portion may be professionally compiled and drawn by an architect, engineer or surveyor.

(6) Evidence of the Development's development costs and corresponding credit request and syndication information as described in subparagraphs (A) - (G) of this paragraph.

(A) A written narrative describing the financing plan for the Development, including any non-traditional financing arrangements; the use of funds with respect to the Development; the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and the commitment status of the funding sources for the Development. This information must be consistent with the information provided throughout the Application. (2306.6705(a)(1))

(B) All Developments must submit the "Development Cost Schedule" provided in the Application. This exhibit must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(C) Provide a letter of commitment from a syndicator that, at a minimum, provides an estimate of the amount of equity dollars expected to be raised for the Development in conjunction with the amount of housing tax credits requested for allocation to the Development Owner, including pay-in schedules, syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis. (2306.6705(a)(2) and (3))

(D) For Developments located in a Qualified Census Tract (QCT) as determined by the Secretary of HUD and qualifying for a 30% increase in Eligible Basis, pursuant to the Code, §42(d)(5)(C), Applicants must submit a copy of the census map clearly showing that the proposed Development is located within a QCT. Census tract numbers must be clearly marked on the map, and must be identical to the QCT number stated in the Department's Reference Manual.

(E) Rehabilitation Developments must submit a Property Condition Assessment meeting the requirements of paragraph (14)(C) ~~performed in accordance with §1.36 of this title, Property Condition Assessment Guidelines. For Developments receiving financing from TX-USDA-RHS, a copy of the checklist prepared by TX-USDA-RHS may be submitted in lieu of the Property Condition Assessment. The Property Condition Assessment may be submitted as a Supplemental Threshold Report consistent with the timelines and submission documentation requirements identified in paragraph (14)(D)~~ of this subsection.

(F) If offsite costs are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the supplemental form "Off Site Cost Breakdown" must be provided.

(G) If projected site work costs include unusual or extraordinary items or exceed $7,500 per Unit, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible.

(7) Evidence of readiness to proceed as evidenced by at least one of the items under each of subparagraphs (A) - (D) of this paragraph:

(A) Evidence of Property~~site~~ control in the name of the Development Owner. If the evidence is not in the name of the Development Owner, then the documentation should reflect an expressed ability to transfer the rights to the Development Owner. All of the sellers of the proposed Property for the 36 months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development team must be identified at the time of Application (not required at Pre-Application). ~~All individual Persons who are members of the ownership entity of the seller of the proposed site must be identified at the time of Application (not required at Pre-Application)~~. One of the following items described in clauses (i) - (iii) of this subparagraph must be provided:

(i) a recorded warranty deed; or

(ii) a contract for ~~sale or~~ lease (the minimum term of the lease must be at least 45 years) which is valid for the entire period the Development is under consideration for tax credits; or

(iii) a contract for sale, an exclusive option to purchase or earnest money contract (which must show that the earnest money has been deposited) which is valid for the entire period the Development is under consideration for tax credits. If the acquisition can be characterized as an identity of interest transaction as described in §1.32(e)(1)(B), the following must be provided:

(I) documentation of the original acquisition cost in the form of a settlement statement or, if a settlement statement is not available, the seller's most recent audited financial statement indicating the asset value for the proposed Property, and

(II) if the original acquisition cost evidenced by (I) of this clause is less than the acquisition cost claimed in the application,

(-a-) an appraisal meeting the requirements of paragraph (14)(D) of this subsection, and

(-b-) any other verifiable costs of owning, holding, or improving the Property that when added to the value from subclause (I) of this clause justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include Property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the Property, the cost of rezoning, replatting or developing the Property, or any costs to provide or improve access to the Property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the Property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the Property and avoid foreclosure.

(iv) ~~As described in clauses (ii) and (iii), site control must be continuous.~~ As described in clauses (ii) and (iii) of this title, Property control must be continuous. Closing on the P~~p~~roperty is acceptable, as long as evidence is provided that there was no period in which control was not retained.

(B) Evidence from the appropriate local municipal authority that satisfies one of clauses (i) - (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period. (2306.6705~~(a)~~(5))

(i) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance; the letter must also state that the Development fulfills a need for additional affordable rental housing as evidenced in a local consolidated plan, comprehensive plan, or other local planning document; or if no such planning document exists, then the letter from the local municipal authority must state that there is a need for affordable housing.

(ii) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that:

(I) the Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development or that there is not a zoning requirement; or

(II) the Applicant is in the process of seeking the appropriate zoning and has signed and provided to the political subdivision a release agreeing to hold the political subdivision and all other parties harmless in the event that the appropriate zoning is denied, and a time schedule for completion of appropriate zoning. The Applicant must also provide at the time of Application a copy of the application for appropriate zoning filed with the local entity responsible for zoning approval and proof of delivery of that application in the form of a signed certified mail receipt, signed overnight mail receipt, or confirmation letter from said official. Final approval of appropriate zoning must be achieved and documentation of acceptable zoning for the Development, as proposed in the Application, must be provided to the Department at the time the Commitment Fee, or Determination Notice Fee, is paid. If this evidence is not provided with the Commitment Fee, any commitment of credits will be rescinded. No extensions may be requested for the deadline for submitting evidence of final approval of appropriate zoning.

(iii) In the case of a R~~r~~ehabilitation Development, if the property is currently a non-conforming use as presently zoned, a letter which discusses the items in subclauses (I) - (IV) of this clause:

(I) a detailed narrative of the nature of non-conformance;

(II) the applicable destruction threshold;

(III) owner's rights to reconstruct in the event of damage; and

(IV) penalties for noncompliance.

(C) Evidence of interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application. Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in clauses (i) - (iv) of this subparagraph:

(i) bona fide financing in place as evidenced by:

(I) a valid and binding loan agreement;

(II) ~~and a~~ deed(s) of trust in the name of the Development Owner ~~and/or~~ expressly ~~allows~~allowing ~~the~~ transfer to the Development Owner; and

(III) for TX-USDA-RHS 515 Developments involving R~~r~~ehabilitation, an executed TX-USDA-RHS letter indicating TX-USDA-RHS has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR 3560.406; or,

(ii) bona fide commitment or term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money which is addressed to the Development Owner and which has been executed by the lender (the term of the loan must be for a minimum of 15 years with at least a 30 year amortization). The commitment must state an expiration date and all the terms and conditions applicable to the financing including the mechanism for determining the interest rate, if applicable, and the anticipated interest rate and any required Guarantors. Such a commitment may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits; or,

(iii) any Federal, State or local gap financing, whether of soft or hard debt, must be identified at the time of Application. At a minimum, evidence from the lending agency that an application for funding has been made and a term sheet which clearly describes the amount and terms of the funding, and the date by which the funding determination will be made and any commitment issued, must be submitted. Evidence of application for funding from another Department program is not required except as indicated on the Uniform Application, as long as the Department funding is on a concurrent funding period with the Application submitted and the Applicant clearly indicates that such an application has been filed as required by the Application Submission Procedures Manual. If the commitment from the other funding source has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the other funding source, the Commitment Notice will be rescinded; or

(iv) if the Development will be financed through Development Owner contributions, provide a letter from an Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development Owner. Documentation must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(D) Provide the documents in clause (i) – (iii) of this subparagraph ~~and either of the documents described in clauses (ii) and (iii) of this subparagraph, and satisfying the requirements of clause (iv) of this subparagraph, if applicable~~:

(i) a copy of the full legal description

(ii) a current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the proposed Property, and

(iii) a copy of:

(I) the current title policy which shows that the ownership (or leasehold) of the land/Development is vested in the exact name of the Development Owner; or

(II) ~~(iii) a copy of~~ a current title commitment with the proposed insured matching exactly the name of the Development Owner and the title of the Property~~land~~/Development vested in the exact name of the seller or lessor as indicated on the sales contract or lease.

(III) ~~(iv)~~ if the title policy or ~~title~~ commitment is more than six months old as of the day the Application Acceptance Period closes, then a letter from the title company indicating that nothing further has transpired on the policy or commitment.

(8) Evidence in the form of a certification of all of the notifications described in the subparagraphs of this paragraph. Such notices must be prepared in accordance with the "Public Notifications" statement provided in the Application.

(A) Evidence of notification meeting the requirements identified in clause (i) of this subparagraph to all of the individuals and entities identified in clause (ii) of this subparagraph. Evidence of such notifications ~~shall include a copy of the exact letter and other materials that were sent to the individual or entity~~must be in the form of a certification in the format provided by the Department that the Applicant made the notifications to all required individuals and entities in the format provided by the Department on or before the deadlines~~, a sworn affidavit stating that they made all required notifications prior to the deadlines~~ ~~and a copy of the entire mailing list (which includes the names and addresses) of all of the recipients. Proof of n~~Notification must not be older than three months from the first day of the Application Acceptance Period. (2306.6705(9))~~(2306.6704)~~ If evidence of these notifications was submitted with the Pre-Application Threshold for the same Application and satisfied the Department's review of Pre-Application Threshold, then no additional notification is required at Application, except that re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from Pre-Application to Application or as a result of a deficiency that reflects a total Unit increase of greater than 10%, an increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, Intergenerational Housing or ~~,~~ family ~~or transitional~~). For Applications submitted for ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notification and proof thereof must not be older than three months~~30 days~~ prior to the date the Volume III of the Application is submitted.

(i) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing or ~~, transitional,~~ elderly);

(VI) The approximate total number of Units and approximate total number of ~~low income~~low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate;

(VIII) The number of Units and proposed rents (less utility allowances) for the ~~low income~~low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the ~~Pre-~~Application, which are subject to change as annual changes in the area median income occur; and

(IX) The expected completion date if credits are awarded.

(ii) Notification must be sent to all of the following individuals and entities. Officials to be notified are those officials in office at the time the Application is submitted.

(I) Neighborhood Organizations on record with the state or county. Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. ~~Notification to Local~~

~~Elected Officials for Neighborhood Organization Input.~~ Evidence in the form of a certification must be provided that a letter requesting information on neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site and meeting the requirements of "Neighborhood Organization Request~~Local Elected Official Notification~~" as outlined in the Application was sent no later than January 15, ~~2005~~ 2006 (or for Tax-Exempt Bond Applications or Rural Rescue Applications not later than 21 days prior to submission of the Threshold documentation) to the local elected official for the city or if located outside of a city, then the county where the Development is proposed to be located. If the Development is located in a jurisdiction that has district based local elected officials, or both at-large and district based local elected officials, the request~~notification~~ must be made to the city council member or county commissioner representing that district; if the Development is located in a jurisdiction that has only at-large local elected officials, the request~~notification~~ must be made to the mayor or county judge for the jurisdiction. ~~A copy of the reply letter or other official third-party documentation from the local elected official must be provided.~~ For urban/exurban areas, entities identified in the letters from the local elected official whose boundaries include the proposed Development and whose listed address has the same zip code as the zip code for the Development must be provided with written notification~~, and evidence of that notification must be provided~~. If any other zip codes exist within a half mile of the Development site, then all entities identified in the letters with those adjacent zip codes must also be provided with written notification~~, and evidence of that notification must be provided~~. For rural areas, all entities identified in the letters whose listed address is within a half mile of the Development site must be provided with written notification~~, and evidence of that notification must be provided~~. If the Applicant can ~~provide evidence~~certify that there are no neighborhood organizations ~~proposed Development is not located within the boundaries of an entity~~ on a list from the local elected officials which are required to be notified pursuant to this subsection, then such ~~evidence~~ certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by February 25, ~~2005~~2006, (or For ~~Tax Exempt~~Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application) then the Applicant must submit a statement attesting to that fact. If an Applicant has knowledge of any neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site, the Applicant must notify those organizations. ~~The Applicant must also certify that any organizations in a response letter that are not notified do not contain the proposed Development site within their boundaries.~~ In the event that local elected officials refer the Applicant to another source, the Applicant must also request neighborhood organizations from~~notify~~ that source in the same format~~and request the same information~~. If the Applicant has no knowledge of neighborhood organizations within whose boundaries the Development is proposed to be located, the Applicant must attest to that fact in the format provided by the Department as part of the Application.

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of the governing body of any municipality containing the Development;

(V) All elected members of the governing body of any municipality containing the Development;

(VI) Presiding officer of the governing body of the county containing the Development;

(VII) All elected members of the governing body of the county containing the Development;

(VIII) State senator of the district containing the Development; and

(IX) State representative of the district containing the Development.

(B) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development site prior to the date the Application is submitted. For ~~Tax Exempt~~Tax-Exempt Bond Developments the sign must be installed no later than 30 days after the Department's receipt of Volumes I and II. Evidence submitted with the Application must include photographs of the site with the installed sign and invoice receipt confirming installation from the entity that installed the sign. The sign must be at least 4 feet by 8 feet in size and located within twenty feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day that the Board takes final action on the Application for the ~~d~~Development. The information and lettering on the sign must meet the requirements identified in the Application. For ~~Tax Exempt~~Tax-Exempt Bond Developments for which the Department is not the issuer of the bonds, the Applicant must certify to the fact that ~~ensure that~~ the date, time and location of the TEFRA hearing are indicated on the sign as soon as the hearing has been scheduled. As an alternative to installing a Public Notification Sign and at the same required time, the Applicant may instead, at the Applicant's option, mail written notification to those addresses described in either clause (i) or (ii) of this subparagraph. This written notification must include the information otherwise required for the sign as provided in the Application. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the distance required by clause (i) or (ii) of this subparagraph, up to 1,000 feet, showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. If the option in clause (i) of this subparagraph is used, then evidence must be provided affirming the local zoning notification requirements.

(i) ~~a~~All addresses required for notification by local zoning notification requirements. For example, if the local zoning notification requirement is notification to all those addresses within 200 feet, then that would be the distance used for this purpose; or

(ii) ~~f~~For Developments located in communities that do not have zoning, communities that do not require a zoning notification, or those located outside of a municipality, all addresses located within 1,000 feet of any part of the proposed Development site.

(C) If any of the Units in the Development are occupied at the time of Application, then the Applicant must certify that they have notified each tenant at the Development and let the tenants know of the Department's public hearing schedule for comment on submitted Applications.

(9) Evidence of the Development's proposed ownership structure and the Applicant's previous experience as described in subparagraphs (A) - (E) of this paragraph.

(A) Chart which clearly illustrates the complete organizational structure of the final proposed Development Owner and of any Developer or Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner or the Developer or Guarantor, as applicable, whether directly or through one or more subsidiaries.

(B) Each Applicant, Development Owner, Developer or Guarantor, or any entity shown on an organizational chart as described in subparagraph (A) of this paragraph that has ~~10% or more~~ ownership interest in the Development Owner, Developer or Guarantor, shall provide the following documentation, as applicable:

(i) For entities that are not yet formed but are to be formed either in or outside of the state of Texas, a certificate of reservation of the entity name from the Texas Secretary of State; or

(ii) For existing entities whether formed in or outside of the state of Texas, evidence that the entity has the authority to do business in Texas or has applied for such authority.

(C) Evidence that each entity shown on ~~an~~ the organizational chart described in subparagraph (A) of this paragraph that has ~~10% or more~~ ownership interest in the Development Owner, Developer or Guarantor, has provided a copy of the completed and executed Previous Participation and Background Certification Form to the Department. Nonprofit entities, public housing authorities and publicly traded corporations are required to submit documentation for the entities involved; documentation for individual board members and executive directors is required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. The 2006 versions of these forms, as required in the Uniform Application, must be submitted. Units of local government are also required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Person. All participation in any TDHCA funded or monitored activity, including non-housing activities, must be disclosed.

~~Evidence must be a certification from the Department for each of those Persons required to submit these documents as further described under §49.9(e)(3) of this title. Applicants must request this certification at least fourteen days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification is the appropriate Person appearing in the organizational chart provided in subparagraph (A) of this paragraph.~~

(D) Evidence in the form of a certification from the Applicant, that~~,~~ each entity shown ~~if the Development Owner or any of its Affiliates shown~~ on the organizational chart described in subparagraph (A) of this paragraph that has~~ve~~ ~~10% or more~~ ownership interest in the Development Owner, Developer or Guarantor, and has~~ve~~, or has~~ve~~ had, ownership or Control of affordable housing, being housing that receives any form of financing and/or assistance from any Governmental Entity for the purpose of enhancing affordability to persons of low or moderate income, outside the state of Texas, that such Persons have submitted the appropriate "National Previous Participation and Background Certification Form" ~~to the Department.~~ to the appropriate Housing Credit Agency for each state in which they have developed or operated affordable housing. Nonprofit entities and public housing authorities are only required to submit documentation for the entity itself; documentation for board members and executive directors is not required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. This form is only necessary when the Developments involved are outside the state of Texas. An original form is not required.

~~Evidence must be a certification from the Department for each of those Persons required to submit these documents as further described under §49.50.9(e)(4) of this title. Applicants must request this certification at least fourteen days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification is the appropriate Person appearing in the organizational chart provided in subparagraph (A) of this paragraph.~~

(E) Evidence, in the form of a certification, that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units in the capacity of owner, General Partner or Developer. Evidence must be a certification from the Department that the Person with the experience satisfies this exhibit, as further described under subsection (g~~e~~)(1) of this section. Applicants must request this certification at least fourteen days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification appears in the organizational chart provided in subparagraph (A) of this paragraph.

(10) Evidence of the Development's projected income and operating expenses as described in subparagraphs (A) - (D) of this paragraph:

(A) All Developments must provide a 30-year proforma estimate of operating expenses and supporting documentation used to generate projections (operating statements from comparable properties).

(B) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds must be provided, which at a minimum identifies the source and annual amount of the funds, the number of Units receiving the funds, and the term and expiration date of the contract or other agreement. (2306.6705(a)(4))

(C) Applicant must provide documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate. If there is more than one entity (Section 8 administrator, public housing authority) responsible for setting the utility allowance(s) in the area of the Development location, then the Utility Allowance selected must be the one which most closely reflects the actual utility costs in that Development area. In this case, documentation from the local utility provider supporting the selection must be provided.

(D) Occupied Developments undergoing R~~r~~ehabilitation must also submit the items described in clauses (i) - (iv) of this subparagraph.

(i) The items in subclauses (I) and (II) of this clause are required unless the current property owner is unwilling to provide the required documentation. In that case, submit a signed statement as to its inability to provide all documentation as described.

(I) Submit at least one of the following:

(-a-) historical monthly operating statements of the subject Development for 12 consecutive months ending not more than 3 months from the first day of the Application Acceptance Period;

(-b-) The two most recent consecutive annual operating statement summaries;

(-c-) the most recent consecutive six months of operating statements and the most recent available annual operating summary;

(-d-) all monthly or annual operating summaries available and a written statement from the seller refusing to supply any other summaries or expressing the inability to supply any other summaries, and any other supporting documentation used to generate projections may be provided; and

(II) a rent roll not more than 6 months old as of the first day the Application Acceptance Period, that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, tenant names or vacancy, and dates of first occupancy and expiration of lease.

(ii) a written explanation of the process used to notify and consult with the tenants in preparing the Application; (2306.6705(a)(6))

(iii) a relocation plan outlining relocation requirements and a budget with an identified funding source; and (2306.6705(a)(6))

(iv) if applicable, evidence that the relocation plan has been submitted to the appropriate legal agency. (2306.6705(a)(6))

(11) Applications involving Nonprofit General Partners and Qualified Nonprofit Developments.

(A) All Applications involving a nonprofit General Partner, regardless of the Set-Aside applied under, must submit all of the documents described in clauses (i) and (ii) of this subparagraph: (2306.6706)

(i) an IRS determination letter which states that the nonprofit organization is a 501(c)(3) or (4) entity; and

(ii) the "Nonprofit Participation Exhibit."

(B) Additionally, all Applications applying under the Nonprofit Set-Aside, established under §~~49.~~50.7(b)(1) of this title, must also provide the following information with respect to the Qualified Nonprofit Organization as described in clauses (i) - (vi) of this subparagraph.

(i) copy of the page from the articles of incorporation or bylaws indicating that one of the exempt purposes of the nonprofit organization is to provide ~~low income~~low-income housing;

(ii) copy of the page from the articles of incorporation or bylaws indicating that the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board;

(iii) a Third Party legal opinion stating:

(I) that the nonprofit organization is not affiliated with or Controlled by a for-profit organization and the basis for that opinion, and

(II) that the nonprofit organization is eligible, as further described, for a Housing Credit Allocation from the Nonprofit Set-Aside and the basis for that opinion. Eligibility is contingent upon the non-profit organization Controlling the Development, or if the organization's Application is filed on behalf of a limited partnership, or limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member; and otherwise meet the requirements of the Code, §42(h)(5);

(iv) a copy of the nonprofit organization's most recent audited financial statement; and

(v) a certification that the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit affiliate or subsidiary be the Developer or co-Developer as evidenced in the development agreement.

(vi) evidence~~,~~ in the form of a certification~~,~~ that a majority of the members of the nonprofit organization's board of directors principally reside:

(I) in this state, if the Development is located in a rural area; or

(II) not more than 90 miles from the Development, if the Development is not located in a rural area.

(12) Applicants applying for acquisition credits must provide~~, or Applicants and Development Team members affiliated with the seller that are asking for the land value to be an amount greater than the acquisition cost indicated in the original purchase contract, will be evaluated in accordance with §1.32 of this title and~~ must provide ~~all of the documentation described in subparagraphs (A) - (C) of this paragraph. Applicants applying for acquisition credits must also provide the items described in subparagraph (D) of this paragraph and as provided in the Application.~~

(A) an appraisal meeting the requirements of subparagraph (14)(D) of this subsection, and~~, not more than 6 months old as of the first day of the Application Acceptance Period, which complies with the Uniform Standards of Professional Appraisal Practice and §1.34 of this title. For Developments which require an appraisal from TX-USDA-RHS, the appraisal may be more than 6 months old, as long as TX-USDA-RHS has confirmed in writing that the existing appraisal is still acceptable. The appraisal may be submitted as a Supplemental Threshold Report consistent with the timelines and submission documentation requirements identified in paragraph (14)(D) of this subsection.~~

~~(B) a current valuation report from the county tax appraisal district;~~

~~(C) clear identification of the selling Persons, and any owner of the property within the last 36 months prior to the first day of the Application Acceptance Period, and details of any relationship between said selling Persons and owners and the Applicant, Developer, Property Manager, General Contractor, Qualified Market Analyst, or any other professional or other consultant performing services with respect to the Development. Only in the event that such relationship exists, the following documents must be provided:~~

~~(i) documentation of the original acquisition cost, such as a settlement statement;~~

~~(ii) any other verifiable costs of owning, holding, or improving the property that when added to the value from clause (i) of this subparagraph justifies the Applicant's proposed acquisition amount:~~

~~(I) for land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the property, the cost of rezoning, replatting or developing the property, or any costs to provide or improve access to the property;~~

~~(II) for transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the property and avoid foreclosure; and~~

(B) an ~~(D)~~ "Acquisition of Existing Buildings Form."

(13) Evidence of Financial Statement and Authorization to Release Credit Information. The financial statements and authorization to release credit information must be unbound and clearly labeled. A "Financial Statement and Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has ownership interest in the Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations

are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit.

(A) Financial statements for an individual must not be older than 90 days from the date of Application submission.

(B) Financial statements for partnerships or corporations should be for the most recent fiscal year ended 90 days prior to the date of Application submission. An audited financial statement should be provided, if available, and all partnership or corporate financials must be certified. Financial statements are required for an entity even if the entity is wholly-owned by a Person who has submitted this document as an individual.

(C) Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case.

~~of an "Acknowledgement of Receipt of Financial Statement and Authorization to Release Credit Information" must be provided for any Person that has 10% or more ownership interest in the Development Owner or General Partner, the Developer, or Guarantor, as required under §49.~~50.~~9(e)(2) of this title. Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case in lieu of submitting the Acknowledgement.~~

(14) Supplemental Threshold Reports. All Applications must include d~~D~~ocuments under subparagraph (A) and (B) of this paragraph. ~~must be submitted as further stated in subparagraph (C) and (D) of this paragraph and in accordance with the Market Analysis Rules and Guidelines and Environmental Site Assessment Rules and Guidelines, §1.33 and §1.35 of this title.~~ If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraph (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. All submissions must meet the requirements stated in subparagraphs (E) – (G) of this paragraph.

(A) A Phase I Environmental Site Assessment (ESA) report: ~~on the subject Property,~~

(i) prepared by a qualified Third Party;

(ii) dated not more than 12 months prior to the first day of the Application Acceptance Period. In the event that a Phase I Environmental Site Assessment on the Development is more than 12 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated letter or updated report dated not more ~~no older~~ than three months prior to the first day of the Application Acceptance Period from the Person or organization which prepared the initial assessment confirming that the site has been re-inspected and reaffirming the conclusions of the initial report or identifying the changes since the initial report; and~~;~~

(iii) ~~The ESA must be~~ prepared in accordance with the Department's Environmental Site Assessment Rules and Guidelines, §1.35 of this title.

(iv) Developments whose funds have been obligated by TX-USDA-RHS will not be required to supply this information; however, the Applicants of such Developments are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(B) A comprehensive Market Analysis report:

(i) prepared ~~at the Applicant's expense~~ by a Third Party ~~disinterested~~ Qualified Market Analyst approved by the Department in accordance with the approval process outlined in the Market Analysis Rules and Guidelines, §1.33 of this title;~~. In addition to the document submitted in paper form, an electronic version must also be submitted.~~

(ii) dated not more than 6 months prior to the first day of the Application Acceptance Period. In the event that a Market Analysis is more than 6 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however the Department will not accept any Market Analysis which is more than 12 months old as of the first day of the Application Acceptance Period; and

(iii) ~~The Market Analysis must be~~ prepared in accordance with the methodology prescribed in the Department's Market Analysis Rules and Guidelines, §1.33 of this title. ~~In the event that a Market Analysis on the Development is older than 6 months as of the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however the Department will not accept any Market Analysis which is more than 12 months old as of the first day of the Application Acceptance Period. The Market Analysis should be prepared for and addressed to the Department.~~

(iv) For Applications in the TX-USDA-RHS Set-Aside, the appraisal, required under paragraph (7) or (12)~~(A)~~ of this subsection, will satisfy the requirement for a Market Analysis; ~~no additional Market Analysis is~~

~~required;~~ however the Department may request additional information as needed. (2306.67055) ~~as added Section 21 of 2306)~~ (§42(m)(1)(A)(iii))

~~(i) The Department may determine from time to time that information not required in the Department Market Analysis and Appraisal Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the Qualified Market Analyst to meet this need.~~

~~(ii) All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the Market Analysis and may substitute its own analysis and underwriting conclusions for those submitted by the Qualified Market Analyst.~~

(C) A Property Condition Assessment (PCA) report:

(i) prepared by a qualified Third Party;

(ii) dated not more than 6 months prior to the first day of the Application Acceptance Period; and

(iii) prepared in accordance with the Department's Property Condition and Assessment Rules and Guidelines, §1.36 of this title.

(iv) For Developments which require a capital needs assessment from TX-USDA-RHS, the capital needs assessment may be substituted and may be more than 6 months old, as long as TX-USDA-RHS has confirmed in writing that the existing capital needs assessment is still acceptable.

(D) An appraisal report:

(i) prepared by a qualified Third Party;

(ii) dated not more than 6 months prior to the first day of the Application Acceptance Period; and

(iii) prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title.

(iv) For Developments which require an appraisal from TX-USDA-RHS, the appraisal may be more than 6 months old, as long as TX-USDA-RHS has confirmed in writing that the existing appraisal is still acceptable.

(E) Inserted at the front of each of these reports must be a transmittal letter from the individual preparing the report that states that the Department is granted full authority to rely on the findings and conclusions of the report.

(F) ~~(D)~~ All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the report. The Department may determine from time to time that information not required in the Department's Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the report provider or revisions to the report to meet this need. In instances of non-response by the report provider, the Department may substitute in-house analysis.

(G) The requirements for each of the reports identified in subparagraphs (A) – (C) ~~and (B)~~ of this paragraph can be satisfied in either of the methods identified in clauses (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

(i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety ~~as described in subparagraphs (A) and (B) of this paragraph~~; or

(ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April 1, 2006~~2005~~. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CST, April 1, 2006~~2005~~. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.

(iii) A single hard copy of the report and a searchable soft copy in the format of a single file containing all information and exhibits in the hard copy report, presented in the order they appear in the hard copy report on a CD-R clearly labeled with the report type, Development name, and Development location are required.

(15) Self-Scoring. Applicant's self-score must be completed on the "Application Self-Scoring Form." An Applicant may not adjust the Application Self Scoring Form without a request from the Department as a result of an Administrative Deficiency.

(i~~g~~) **Selection Criteria.** All Applications will be scored and ranked using the point system identified in this subsection. When applicable, use normal rounding. All Applications, with the exception of TX-USDA-RHS

Applications, must score a minimum of 122 points to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: 203 ~~209~~.

(1) **Financial Feasibility of the Development.** Financial Feasibility of the Development based on the supporting financial data required in the Application that will include a Development underwriting pro forma from the permanent or construction lender. (2306.6710(b)(1)(A)) Applications may qualify to receive 28 points for this item. Evidence will include the documentation required for this exhibit in addition to the commitment letter required under subsection (h~~f~~)(7)(C) of this section. The supporting financial data shall include a thirty year pro forma prepared by the permanent or construction lender specifically identifying each of the first ten years and every fifth year thereafter. The pro forma must indicate that the development pro forma maintains a 1.10 debt coverage ratio throughout the initial thirty years proposed for all third party lenders that require scheduled repayment. In addition, the commitment letter must state that the lender's assessment finds that the Development will be feasible for thirty years. Points will be awarded if these criteria are met. No partial points will be awarded. For Developments receiving financing from TX-USDA-RHS, the form entitled "Sources and Uses Comprehensive Evaluation for Multi-Family Housing Loans" or other form deemed acceptable by the Department shall meet the requirements of this section.

(2) **Quantifiable Community Participation from Neighborhood Organizations on Record with the State or County and Whose Boundaries Contain the Proposed Development Site.** Points will be awarded based on written statements of support or opposition from neighborhood organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site. (§2306.6710(b)(1)(B); §2306.6725(a)(2)). It is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the process utilized for notification purposes under subsection (h~~f~~)(8)(A)(ii)(I) of this section if the organization provides the information and documentation required below. It is also possible that neighborhood organizations that were initially identified as appropriate organizations for purposes of the notification requirements will subsequently be determined by the Department not to meet the requirements for scoring.

(A) Basic Submission Requirements for Scoring. Each neighborhood organization may submit one letter (and enclosures) that represents the organization's input. In order to receive a point score, the letter (and enclosures) must be received by the Department no later than April 1, 2006.~~2005, directly from the neighborhood organization or with the Application.~~ Letters should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Executive Director (Neighborhood Input)." Letters received after April 1, ~~2005~~ 2006 will be summarized for the Board's information and consideration, but will not affect the score for the Application. The organization's letter (and enclosures) must:

(i) state the name and location of the proposed Development on which input is provided. A letter may provide input on only one proposed Development; if an organization is eligible ~~desires~~ to provide input on additional Developments, each Development must be addressed in a separate letter;

(ii) be signed by the chairman of the board, chief executive officer, or comparable head of the organization, and provide the ~~signer's~~ street and/or mailing addresses, phone numbers, and ~~an~~ e-mail addresses and/or facsimile numbers for the signer of the letter and for one additional contact for the organization;

(iii) establish that the organization has boundaries, state what the boundaries are, and establish that the boundaries contain the proposed development site. A map must be provided with the geographic boundaries of the organization and the proposed Development site clearly marked within those boundaries;

(iv) establish that the organization is a "neighborhood organization." A "neighborhood organization" is defined as an organization of persons living near one another within the organization's defined boundaries that contain the proposed Development site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. "Neighborhood organizations" include homeowners associations, property owners associations, and ~~public housing~~ resident councils (only for Rehabilitation or demolition with New Construction applications in which the council is commenting on the rehabilitation or demolition/ New Construction of~~for~~ the property occupied by the residents). "Neighborhood organizations" do not include broader based "community" organizations; organizations that have no members other than board members; chambers of commerce; community development corporations; churches; school related organizations; Lions, Rotary, Kiwanis, and similar organizations; Habitat for Humanity; Boys and Girls Clubs; charities; public housing authorities; or any governmental entity. Organizations whose boundaries include an entire county or larger area are not "neighborhood organizations." Organizations whose boundaries include an entire city are generally not "neighborhood organizations."

(v) include documentation showing that the organization is on record as of March 1, ~~2005~~ 2006 with the state or county in which the Development is proposed to be located. A record from the Secretary of State showing that the organization is incorporated or from the county clerk showing that the organization is on record with the county is sufficient. For a property owners association, a record from the county showing that the organization's management certificate is on record is sufficient. The documentation must be from the state or county and be current. If an organization's status with the Secretary of State ~~at any time during the Application Round~~ is shown as "forfeited," "dissolved," or any similar status in the documentation provided by the organization, the organization will not be considered on record with the state. It is insufficient to be "on record" to provide only a request to the county or a state entity to be placed on record or to show that the organization has corresponded with such an entity or used its services or programs. It is insufficient to show that the organization is on record with a city. As an option to be considered on record with the state, a letter including a contact name with a mailing address and phone number; name and position of officers; and a written description and map of the organization's geographical boundaries must be received by the Department no later than March 1, ~~2005~~ 2006 to place the organization on record with the state. The letter should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Executive Director (Recording of Neighborhood Organization)". Acceptance of this documentation by the Department will satisfy the "on record with the state" requirement, but is not a determination that the organization is a "neighborhood organization" or that other requirements are met. The Department is permitted to issue a deficiency notice for this registration process and if satisfied, the organization will still be deemed to be timely placed on record with the state.

(vi) accurately state that the neighborhood organization was not formed by any Applicant, Developer, or any employee or agent of any Applicant in the ~~2005~~ 2006 tax credit Application Round, ~~and~~ that the organization and any member did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition, and has not provided any assistance other than education and information sharing to the neighborhood organization to meet the requirements of this subparagraph for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization, or referring the neighborhood organization to TDHCA staff for guidance). Applicants may not provide any "production" assistance to meet these requirements for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter for the purposes of this subparagraph).

(vii) state the total number of members of the organization and provide a brief description of the process used to determine the members' position of support or opposition. The organization is encouraged to hold a meeting to which all the members of the organization are invited to consider whether the organization should support, oppose, or be neutral on the proposed Development, and to have the membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. The organization is also encouraged to invite the developer to this meeting.

(viii) include the organization's articles of incorporation and/or bylaws and/or organizational documents created on or before March 1, 2006, that, at a minimum, identify the boundaries of the organization, identify the officers of the organization and clearly indicate the purpose of the organization.

(ix) The boundaries in effect for the organization on March 1, 2006, will be those boundaries utilized for the purposes of evaluating these letters and determining eligibility. Annexations occurring after that time to include a Development site will not be considered eligible. A Development site must be entirely contained within the boundaries of the organization to satisfy eligibility for this item; a site that is only partially within the boundaries will not satisfy the requirement that the boundaries contain the proposed Development site.

(x) Letters from organizations, and subsequent correspondence from organizations, may not be provided via the Applicant which includes facsimile and email communication.

(B) Scoring of Letters (and Enclosures). ~~To be scored, the letter (and enclosures) must provide "quantifiable" input.~~ The input must clearly and concisely state each reason for the organization's support for or opposition to the proposed Development.

(i) The score awarded for each letter for this exhibit will range from a maximum of +24 for the strongest position of support to +12 for the neutral position to 0 for the strongest position of opposition. The number of points to be allocated to each organization's letter will be ~~recommended by the Executive Award and Review Advisory Committee~~ based on the ~~factual basis of the~~ organization's letter and evidence enclosed with the letter. The final score will be determined by the Executive Director. The Department may investigate a matter and contact the Applicant and neighborhood organizations for more information. The Department may consider any relevant information specified in letters from other neighborhood organizations regarding a development in determining a score.

(ii) The Department highly values quality public input addressed to the merits of a Development. Input that points out ~~possible errors in the Department's analysis and~~ matters that are specific to the neighborhood, the proposed site, the proposed Development, or Developer are valued. If a proposed Development is permitted by the existing or pending zoning or absence of zoning, concerns addressed by the allowable land use that are related to any multifamily development may generally be considered to have been addressed at the local level through the land use planning process. Input concerning positive efforts or the lack of efforts by the Applicant to inform and communicate with the neighborhood about the proposed Development is highly valued. If the neighborhood organization refuses to communicate with the Applicant the efforts of the Applicant will not be considered negative. Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered.

(iii) In general, letters that meet the requirements of this paragraph and

(I) establish three or more reasons for support or opposition will be scored the maximum points for either support (+24 points) or opposition (zero);

(II) establish two reasons for support or opposition will be scored up to +18 points for support or +6 points for opposition;

(III) establish one reason for support or opposition will be scored +13 points for support or +11 points for opposition;

(IV) that do not establish a reason for support or opposition or that are unclear will be scored as neutral (+12 points).

(iv) Applications for which no letters from neighborhood organizations are scored will receive a neutral score of +12 points.

(C) Basic Submission Deficiencies. The Department is authorized but not required to request that the neighborhood organization provide additional information or documentation the Department deems relevant to clarify information contained in the organization's letter (and enclosures). If the Department determines to request additional information from an organization, it will do so by e-mail or facsimile to the e-mail address or facsimile number provided with the organization's letter. If the deficiencies are not clarified or corrected in the Department's determination within seven~~ten~~ business days from the date the e-mail or facsimile is sent to the organization, the organization's letter will not be considered further for scoring and the organization will be so advised. This potential deficiency process does not extend any deadline required above for the "Quantifiable Community Participation" process. An organization may not submit additional information or documentation after the April 1, ~~2005~~ 2006 deadline except in response to an e-mail or facsimile from the Department specifically requesting additional information.

(3) **The Income Levels of Tenants of the Development.** Applications may qualify to receive up to 22 points for qualifying under only one of subparagraphs (A) - (F) of this paragraph. To qualify for these points, the tenant incomes must not be higher than permitted by the AMGI level. The Development Owner, upon making selections for this exhibit, will set aside Units at the levels of AMGI and will maintain the percentage of such Units continuously over the compliance and extended use period as specified in the LURA. These income levels require corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. (2306.6710(b)(1)(C); 2306.111(g)(3)(B); 2306.6710(e); 42(m)(1)(B)(ii)(I); 2306.111(g)(3)(E)) ~~Use normal rounding for this exhibit.~~

(A) 22 points if at least 80% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(B) 22 points if at least 10% of the Total Units in the Development are set-aside with incomes at or below 30% of AMGI; or

(C) 20 points if at least 60% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(D) 18 points if at least 40% of the Total Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Total Units are at or below 30% of AMGI; or

(E) 16 points if at least 40% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(F) 14 points if at least 35% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI.

(4) **The Size and Quality of the Units (Development Characteristics).** Applications may qualify to receive up to 20 points. Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph. (2306.6710(b)(1)(D); ~~2306.6725(b)(1);~~ 42(m)(1)(C)(iii))

(A) Size of the Units. Applications may qualify to receive 6 points. The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Six points for this item will be automatically granted for Applications involving R~~r~~ehabilitation, Developments receiving funding from TX-USDA-RHS, or Developments proposing single room occupancy without meeting these square footage minimums. The square feet of all of the Units in the Development, for each type of Unit, must be at least the minimum noted below.

(i) 500 square feet for an efficiency unit;

(ii) 650 square feet for a non-elderly one bedroom unit; 550 square feet for an elderly one bedroom unit;

(iii) 900 square feet for a non-elderly two bedroom unit; 750 square feet for an elderly two bedroom unit;

(iv) 1,000 square feet for a three bedroom unit; and

(v) 1,200 square feet for a four bedroom unit.

(B) Quality of the Units. Applications may qualify to receive up to 14 points. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in clauses (i) - (x~~i~~x) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have at least half of the Units located with a specific amenity to count for points. Applications involving R~~r~~ehabilitation or single room occupancy may double the points listed for each item, not to exceed 14 points in total.

(i) Covered entries (1 point);

(ii) Nine foot ceilings (1 point);

(iii) Microwave ovens (1 point);

(iv) Self-cleaning or continuous cleaning ovens (1 point);

(v) Ceiling fixtures in all rooms (light with ceiling fan in all bedrooms) (1 point);

(vi) Refrigerator with icemaker (1 point);

(vii) Laundry connections (2 points);

(viii) Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets – does not need to be in the Unit but must be on the property site (1 point);

(ix) Laundry equipment (washers and dryers) for each individual unit (3 points);

(x) Thirty year architectural shingle roofing (1 point);

(xi) Covered patios or covered balconies (1 point);

(xii) Covered parking (including garages) of at least one covered space per Unit (2 points);

(xiii) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS or synthetic stucco~~EFIS~~ (3 points);

(xiv) Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS or synthetic stucco EFIS (1 points);

(xv) Use of energy efficient alternative construction materials (for example, ~~s~~Structural~~ly~~ ~~i~~Insulated ~~p~~Panel~~s~~ construction) with wall insulation at a minimum of R-20 (3 points).

(xvi) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);

(xvii) 14 SEER HVAC ~~or evaporative coolers in dry climates~~ for N~~n~~ew C~~c~~onstruction or radiant barrier in the attic for R~~r~~ehabilitation (3 points);(WG)

(xviii) Energy Star or equivalently rated refrigerators and dishwashers ~~kitchen appliances~~ (2 points); or

(xix) High Speed Internet service to all Units at no cost to residents (2 points).

(xx) Fire sprinklers in all Units (2 points).

(5) **The Commitment of Development Funding by Local Political Subdivisions**. Applications may qualify to receive up to 18 points for qualifying under ~~either or both (A) or (B) of~~ this paragraph. An Applicant may submit several sources to substantiate points for this section in the Application, but may not substitute any source after the Application has been submitted to the Department. Use normal rounding (2306.6710(b)(1)(E))

~~(A)~~ Evidence that the proposed Development has received an allocation of funds for on-site development costs from a ~~l~~Local ~~p~~Political ~~s~~Subdivision or a properly-created governmental instrumentality thereof. An Applicant may receive points under this subparagraph even if the government instrumentality's creating statute states that the entity is not itself a "political subdivision." An Applicant whose Development receives a commitment from a governmental instrumentality with the legal authority to act on behalf of a Local Political Subdivision is also eligible for such points. In addition to loans or grants, in-kind contributions such as donation of land or waivers of fees such as building permits, water and sewer tap fees, or similar contributions that benefit the Development will be acceptable to qualify for these points. Points will be determined on a sliding scale based on the amount per Unit. Evidence to be submitted with the Application must include a copy of the commitment of funds; ~~or~~ a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received;~~,~~ or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted, the loan amount to be applied for and the specific proposed terms. For in-kind contributions, evidence must be submitted to substantiate the value claimed for points as well as a statement of how the contribution will benefit the Development. At the time the executed Commitment Notice is required to be submitted, the Applicant or

Development Owner must provide evidence of a commitment approved by the governing body of the local political subdivision for the sufficient local funding to the Department. If the funding commitment from the local political subdivision has not been received by the date the Department's Commitment Notice is 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 reevaluated 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. ~~Use normal rounding.~~ No funds from TDHCA's HOME (with the exception of Developments located in non-Participating Jurisdictions) or Housing Trust Fund sources will qualify under this category unless a resolution is submitted with the application from the Local Political Subdivision authorizing that the Applicant act on behalf of the Local Political Subdivision in applying for HOME or Housing Trust Funds from TDHCA for the particular application. The Local Political Subdivision must attest to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary.

(A)~~(i)~~ A contribution of $500 to $1,000 per ~~Low Income~~Low-income Unit receives 6 points; or

(B)~~(ii)~~ A contribution of $1,001 to $3,500 per ~~Low Income~~Low-income Unit receives 12 points; or

(C)~~(iii)~~ A contribution of $3,501 or more per ~~Low Income~~Low-income Unit receives 18 points; or

~~(B) Evidence that the proposed Development will receive development(project)-based 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. Evidence at the time the Application is submitted must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received, or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted. 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. If the funding commitment from the local political subdivision has not been received by the date the Department's Commitment Notice is 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 reevaluated 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. No funds from the Department's HOME (with the exception of Developments located in non-Participating Jurisdictions) or Housing Trust Fund sources will qualify under this category Use normal rounding. HUD must approve the vouchers no later than the time the 10% Test Documentation is submitted to the Department or the Commitment will be rescinded.~~

~~(i) Development-Based Vouchers for 3% to 5% of the total Units receives 6 points; or~~

~~(ii) Development-Based Vouchers for 6% to 8% of the total Units receives 12 points; or~~

~~(iii) Development-Based Vouchers for 9% or more of the total Units receives 18 points.~~

(6) **The Level of Community Support from State Elected Officials.** The level of community support for the application, evaluated on the basis of written statements from state elected officials. (2306.6710(b)(1)(F) and (f) and (g); 2306.6725(a)(2)) Applications may qualify to receive up to 14 points for this item. Points will be awarded based on the written statements of support or opposition from state elected officials representing constituents in areas that include the location of the Development. Letters of support must identify the specific Development and must clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or official by April 1, 2005. Officials to be considered are those officials in office at the time the Application is submitted. Letters of support from state officials that do not represent constituents in areas that include the location of the Development will not qualify for points under this Exhibit. Neutral letters, or letters that do not specifically refer to the Development, will receive neither positive nor negative points. Letters from State of Texas Representative or Senator: support letters are 7 points each for a maximum of 14 points; opposition letters are -7 points each for a maximum of -14 points.

(7) **The Rent Levels of the Units.** Applications may qualify to receive up to 12 points for qualifying under this exhibit. (2306.6710(b)(1)(G)) ~~Use normal rounding for this section.~~ If 80% or fewer of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 7 points. If

between 81% and 85% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 8 points. If between 86% and 90% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 9 points. If between 91% and 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 10 points. If greater than 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 12 points. Developments that are scattered site ~~or 100% transitional~~ will receive the full 12 points provided that they have received points under paragraph (3) of this subsection.

(8) **The Cost of the Development by Square Foot (Development Characteristics).** Applications may qualify to receive 10 points for this item. (2306.6710(b)(1)(H); 42(m)(1)(C)(iii)) For this exhibit, costs shall be defined as construction costs, including site work, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of net rentable area (NRA). The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for 10 points if their costs do not exceed $80~~75~~ per square foot for Qualified Elderly, t~~T~~ransitional, and s~~S~~ingle r~~R~~oom o~~O~~ccupancy Developments (transitional housing for the homeless and single room occupancy units as provided in the Code, §42(i)(3)(B)(iii) and (iv)), unless located in a "First Tier County" in which case their costs do not exceed $82~~77~~ per square foot; and $70~~65~~ for all other Developments, unless located in a "First Tier County" in which case their costs do not exceed $72~~67~~ per square foot. For 2005, the First Tier Counties are Aransas, Calhoun, Chambers, Jefferson, Kleberg, Nueces, San Patricio, Brazoria, Cameron, Galveston, Kennedy, Matagorda, Refugio and Willacy. (10 points)

(9) **The Services to be Provided to Tenants of the Development.** Applications may qualify to receive up to 8 points. Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph. (2306.6710(b)(1)(I); 2306.254; 2306.6725(a)(1); General Appropriation Act, Article VII, Rider 7)~~ Rider 6 of Appropriations)~~

(A) Applicants will receive points for coordinating their tenant services with those services provided through state workforce development and welfare programs as evidenced by execution of a Tenant Supportive Services Certification (2 points).

(B) The Applicant must certify that the Development will provide a combination of special supportive services appropriate for the proposed tenants. The provision of supportive services will be included in the LURA as selected from the list of services identified in this subparagraph. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided (maximum of 6 points).

(i) Applications will be awarded points for selecting services listed in clause (ii) of this subparagraph based on the following scoring range:

(I) Two points will be awarded for providing two~~one~~ of the services; or

(II) Four points will be awarded for providing four~~two~~ of the services; or

(III) Six points will be awarded for providing six~~three~~ of the services.

(ii) Service options include child care; transportation; basic adult education; legal assistance; counseling services; GED preparation; English as a second language classes; vocational training; home buyer education; credit counseling; financial planning assistance or courses; health screening services; health and nutritional courses; organized team sports programs or youth programs; scholastic tutoring; any other programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; any services addressed by §2306.254 Texas Government Code; or any other services approved in writing by the Department.

(10) **Housing Needs Characteristics.** (42(m)(1)(C)(ii)) Applications may qualify to receive up to 7 points. Each Application, based on the Area~~place~~ or county where the Development is located, will receive a score based on the Uniform Housing Needs Scoring Component. If a Development is in a place, the Area~~place~~ score will be used. If a Development is not within a place, then the county score will be used. The Uniform Housing Needs Scoring Component scores for each Area~~place~~ and county will be published in the Reference Manual.

(11) **Development Includes the Use of Existing Housing as part of a Community Revitalization Plan (Development Characteristics).** Applications may qualify to receive 7 points for this item. (42(m)(1)(C)(iii)) The Development is an existing Residential Development and the proposed R~~r~~ehabilitation or demolition and reconstruction is part of a C~~c~~ommunity R~~r~~evitalization P~~p~~lan. Evidence of the Community Revitalization Plan and a map showing the boundaries of the Community Revitalization Plan and the location of the Development site within the boundaries must be submitted.

(12) **Pre-Application Participation Incentive Points.** (2306.6704) Applications which submitted a Pre-Application during the Pre-Application Acceptance Period and meet the requirements of this paragraph will qualify to receive 6 points for this item. To be eligible for these points, the Application must:

(A) be for the identical site as the proposed Development in the Pre-Application;

(B) have met the Pre-Application Threshold Criteria;

(C) be serving the same target population (family, Intergenerational Housing, or ~~,~~ elderly~~, and transitional~~) as in the Pre-Application;

(D) be serving the same target Set-Asides as indicated in the Pre-Application (Set-Asides can be dropped between Pre-Application and Application, but no Set-Asides can be added); and

(E) be awarded by the Department an Application score that is not more than 5% greater or less than the number of points awarded by the Department at Pre-Application, with the exclusion of points for support and opposition under subsections (i~~g~~)(2) and (i~~g~~)(6) of this title. An Applicant must choose, at the time of Application either clause (i) or (ii) of this subparagraph:

(i) to request the Pre-Application points and have the Department cap the Application score at no greater than the 5% increase regardless of the total points accumulated in the scoring evaluation. This allows an Applicant to avoid penalty for increasing the point structure outside the 5% range from Pre-Application to Application; or

(ii) to request that the Pre-Application points be forfeited and that the Department evaluate the Application as requested in the self-scoring sheet.

(13) **Development Location.** (2306.6725(a)(4)~~ and (b)(2~~); ~~2306.127;~~ 42(m)(1)(C)(i)~~; 42 U.S.C. 3608(d) and (e)(5)~~) Applications may qualify to receive 4 points. Evidence, not more than 6 months old from the date of the close of the Application Acceptance Period, that the subject Property is located within one of the geographical areas described in subparagraphs (A) - (H) of this paragraph. Areas qualifying under any one of the subparagraphs (A) - (H) of this paragraph will receive 4 points. An Application may only receive points under one of the subparagraphs (A) - (H) of this paragraph.

(A) A geographical A~~a~~rea which is an Economically Distressed Area; a Colonia; or a Difficult Development Area (DDA) as specifically designated by the Secretary of HUD (2306.1273).

(B) a designated state or federal empowerment/enterprise zone, urban enterprise community, or urban enhanced enterprise community. Such Developments must submit a letter and a map from a city/county official verifying that the proposed Development is located within such a designated zone. Letter should be no older than 6 months from the first day of the Application Acceptance Period. (General Appropriation Act, Article VII, Rider 6; 2306.127)

(C) a city or county-sponsored area or zone where a city or county has, through a local government initiative, specifically encouraged or channeled growth, neighborhood preservation, or redevelopment. Such Developments must submit all of the following documentation: a letter from a city/county official verifying that the proposed Development is located within the city or county-sponsored zone or district; a map from the city/county official which clearly delineates the boundaries of the district; and a certified copy of the appropriate resolution or documentation from the mayor, local city council, county judge, or county commissioners court which documents that the designated A~~a~~rea was created by the local city council/county commission, and targets a specific geographic A~~a~~rea which was not created solely for the benefit of the Applicant.

(D) the Development is located in a county that has received an award as of November 15, 2005~~2004~~, within the past three years, from the Texas Department of Agriculture's Rural Municipal Finance Program or Real Estate Development and Infrastructure Program. Cities which have received one of these awards are categorized as awards to the county as a whole so Developments located in a different city than the city awarded, but in the same county, will still be eligible for these points.

(E) the Development is located in a census tract in which there are no other existing developments supported by housing tax credits. Applicant must provide evidence. (2306.6725(b)(2))

(F) the Development is located in a census tract which has a median family income (MFI), as published by the United States Bureau of the Census (U.S. Census), that is higher than the median family income for the county in which the census tract is located. This comparison shall be made using the most recent data available as of the date the Application Round opens the year preceding the applicable program year.

Developments eligible for these points must submit evidence documenting the median income for both the census tract and the county.

(G) the proposed Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone of an elementary school that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. The date for consideration of the attendance zone is that in existence as of the opening date of the Application Round and the academic rating is the most current rating determined by the Texas Education Agency as of that same date. (42(m)(1)(C)(vii))

(H) the proposed Development will expand affordable housing opportunities for ~~low income~~low-income families with children outside of poverty areas. This must be demonstrated by showing that the Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and that the census tract in which the Development is proposed to be located has no greater than 10% poverty population according to the most recent census data. (42(m)(1)(C)(vii))

(14) **Exurban Developments or Reconstruction or Rehabilitation of Developments (Development characteristics).** (2306.6725(a)(4) and (b)(2); 2306.127; 42(m)(1)(C)(i)) Applications may qualify to receive 7 points if the Development is located in an incorporated place or census designated place that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year, or if a Development is proposed for reconstruction or rehabilitation (in whole or in part, on-site or off-site) that will be financed, in part, with HOPE VI financing or HUD capital grant financing provided that the Application is a joint venture partnership between the public housing authority or an entity formed by the public housing authority and private market interests (either for profit or nonprofit).

(15) **Tenant Populations with Special Housing Needs.** Applications may qualify to receive 4 points for this item. (42(m)(1)(C)(v)) The Department will award these points to Applications in which at least 10% of the Units are set aside for Persons with Special Needs. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development owner agrees to affirmatively market Units to Persons with Special needs. In addition, the Department will require a minimum 12 month period during which units must either be occupied by persons with Special Needs or held vacant. The 12 month period will begin on the date each building receives its certificate of occupancy. For buildings that do not receive a Certificate of Occupancy, the 12 month period will begin on the placed in service date as provided in the Cost Certification manual. After the 12 month period, the owner will no longer be required to hold units vacant for households with special needs, but will be required to continue to affirmatively market units to household with special needs.

~~(15) **Tenant Populations with Special Housing Needs.** Applications may qualify to receive 4 points for this item. (42(m)(1)(C)(v)) Evidence that the Development is designated for transitional housing for homeless persons on a non-transient basis, with supportive services designed to assist the homeless tenants in locating and retaining permanent housing. For the purpose of this exhibit, homeless persons are individuals or families that lack a fixed, regular, and adequate nighttime residence as more fully defined in 24 Code of Federal Regulations, §91.5, as may be amended from time to time. All of the items described in subparagraphs (A) - (E) of this paragraph must be submitted. If all Units in the Development are designed solely for transitional housing for homeless persons, 4 points will be awarded.~~

~~(A) a detailed narrative describing the type of proposed housing;~~

~~(B) a referral agreement, not more than 12 months old from the first day of the Application Acceptance Period, with an established organization which provides services to the homeless;~~

~~(C) a marketing plan designed to attract qualified tenants and housing providers;~~

~~(D) a list of supportive services; and~~

~~(E) adequate additional income source to supplement any anticipated operating and funding gaps.~~

(16) **Length of Affordability Period.** Applications may qualify to receive up to 4 points. (2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)) In accordance with the Code, each Development is required to maintain its affordability for a 15-year compliance period and, subject to certain exceptions, an additional 15-year extended use period. Development Owners that are willing to extend the affordability period for a Development beyond the 30 years required in the Code may receive points as follows:

(A) Add 5 years of affordability after the extended use period for a total affordability period of 35 years (2 points); or

(B) Add 10 years of affordability after the extended use period for a total affordability period of 40 years (4 points)

(17) **Site Characteristics.** Sites will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be rated based on the criteria below.

(A) Proximity of site to amenities. Developments located on sites within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least three services appropriate to the target population will receive four points. A site located within one-quarter mile of public transportation that is accessible to persons with disabilities and/or located within a community that has "on demand" transportation, special transit service, or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or on demand service, then this will be a requirement of the LURA. Only one service of each type listed below will count towards the points. A map must be included identifying the development site and the location of the services.~~, as well as written directions from the site to each service.~~ The services must be identified by name on the map.~~ and in the written directions.~~ If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be at least 50% complete by the date the Application is submitted. (4 points)

(i) Full service grocery store or supermarket
(ii) Pharmacy
(iii) Convenience Store/Mini-market
(iv) Department or Retail Merchandise Store
(v) Bank/Credit Union
(vi) Restaurant (including fast food)
(vii) Indoor public recreation facilities, such as civic centers, community centers, and libraries
(viii) Outdoor public recreation facilities such as parks, golf courses, and swimming pools
(ix) Hospital/medical clinic
(x) Doctor's offices (medical, dentistry, optometry)
(xi) Public Schools (only eligible for Developments that are not Qualified Elderly Developments)
(xii) Senior Center (only eligible for Qualified Elderly Developments)

(B) Negative Site Features. Sites with the following negative characteristics will have points deducted from their score. For purpose of this exhibit, the term 'adjacent' is interpreted as sharing a boundary with the Development site. The distances are to be measured from all boundaries of the Development site. ~~Applicants must indicate on a map the location of any negative site feature, with the exception of slope which must be documented with an engineer's certificate to ensure that points are not deducted.~~ If an Applicant negligently fails to note a negative feature, double points will be deducted from the score or the Application may be terminated. If none of these negative features exist, the Applicant must sign a certification to that effect. (-5 points)

(i) Developments located adjacent to or within 300 feet of junkyards will have 1 point deducted from their score.

(ii) Developments located adjacent to or within 300 feet of active railroad tracks will have 1 point deducted from their score. Rural Developments funded through TX-USDA-RHS are exempt from this point deduction.

(iii) Developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants will have 1 point deducted from their score.

(iv) Developments located adjacent to or within 300 feet of a solid waste or sanitary landfills will have 1 point deducted from their score.

(v) Developments located adjacent to or within 100 feet of high voltage transmission power lines will have 1 point deducted from their score.

(18) **Development Size.** The Development consists of not more than 36 Units and is not a part of, or contiguous to, a larger existing tax credit ~~D~~development (3 points).

(19) **Qualified Census Tracts with Revitalization.** Applications may qualify to receive 2 points for this item. (42(m)(1)(B)(ii)(III)) Applications will receive the points for this item if the Development is located within a Qualified Census Tract and contributes to a concerted C~~c~~ommunity R~~r~~evitalization P~~p~~lan. Evidence of the C~~c~~ommunity R~~r~~evitalization ~~p~~Plan ~~must be provided.~~and a map showing boundaries of the Community Revitalization Plan and the location of the Development site within the boundaries must be submitted.

(20) **Sponsor Characteristics.** Applications may qualify to receive a maximum of 2 points for this item for qualifying under either subparagraph (A) or (B) of this paragraph. (42(m)(1)(C)(iv))

(A) An Application will receive these two points as long as no individual or entities associated with the Applicant, Development Owner or Developer has had a Carryover Allocation issued in the state of Texas after

January 1, 2000, but prior to January 1, 2004, for which the buildings were not placed in service and/or for which IRS Forms 8609 were not issued; or

(B) An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. In order to qualify for these points, the requirements for subparagraph A of this section must also be met.

Evidence that a HUB, as certified by the Texas Building and Procurement Commission, has at least 51% ownership interest in the General Partner and materially participates in the Development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Building and Procurement Commission that the Person is a HUB at the close of the Application Acceptance Period. The HUB will be disqualified from receiving these points if any Principal of the HUB has developed, and received 8609's for, more than two Developments involving tax credits.

(21) **~~Projects~~ Developments Intended for Eventual Tenant Ownership - Right of First Refusal.** Applications may qualify to receive 1 point for this item. (2306.6725(b)(1)) (42(m)(1)(C)(viii)) Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7) 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"). Development Owner may qualify for these points by providing the right of first refusal in the following terms.

(A) Upon the earlier to occur of:

(i) the Development Owner's determination to sell the Development;~~,~~ or

(ii) the Development 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 Development 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 Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period. If the Development 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 Development Owner intends to sell the Development.

(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 Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development 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) - (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development 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

(ii) two years from delivery of a Notice of Intent,

the Development 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 Development Owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the Development 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.

(E) The Department shall, at the request of the Development 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 Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development 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.

(22) **Leveraging of Private, State, and Federal Resources.** Applications may qualify to receive 1 point for this item. (2306.6725(a)(3)) Evidence that the proposed Development has received an allocation of private, state or federal resources, including HOPE VI funds, that is equal to or greater than 2% of the Total Development costs reflected in the Application. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing body of the entity for the sufficient financing to the Department. If the funding commitment from the private, state or federal source has not been received by the date the Department's Commitment Notice is 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 reevaluated for financial feasibility. If the Application is infeasible without the commitment from the private, state or federal source, the Commitment Notice will be rescinded and the credits reallocated. Use normal rounding. Funds from the Department's HOME and Housing Trust Fund sources will only qualify under this category if there is a Notice of Funding Availability (NOFA) out for available funds and the Applicant is eligible under that NOFA. To qualify for this point, the Rent Schedule must show that at least 3% of all ~~low income~~low-income Units are designated to serve individuals or families with incomes at or below 30% of AMGI.

(23) **Third-Party Funding Commitment Outside of Qualified Census Tracts.** Applications may qualify to receive 1 point for this item. (2306.6710(e)(1)) Evidence that the proposed Development has documented and committed third-party ~~(not a Related Party to the Applicant or Developer)~~ funding sources and the Development is located outside of a Qualified Census Tract. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The commitment of funds (an application alone will not suffice) must already have been received from the third-party funding source and must be equal to or greater than 2% of the Total Development costs reflected in the Application. ~~Use normal rounding.~~ Funds from the Department's HOME and Housing Trust Fund sources will not qualify under this category. The third-party funding source cannot be a loan from a commercial lender.

(24) **Scoring Criteria Imposing Penalties.** (2306.6710(b)(2))

(A) Penalties will be imposed on an Application if the Applicant has requested an extension of a Department deadline, and did not meet the original submission deadline, relating to developments receiving a housing tax credit commitment made in the application round preceding the current round. The extension that will receive a penalty is an extension related to the submission of the carryover. For each extension request made, the Applicant will receive a 5 point deduction for not meeting the Carryover deadline. Subsequent extension requests for carryover after the first extension request made for each development from the preceding round will not result in a further point reduction than already described. No penalty points or fees will be deducted for extensions that were requested on Developments that involved R~~r~~ehabilitation when the Department is the primary lender, or for Developments that involve TX-USDA-RHS as a lender if TX-USDA-RHS or the Department is the cause for the Applicant not meeting the deadline.

(B) Penalties will be imposed on an Application if the Developer or Principal of the Applicant has been removed by the lender, equity provider, or limited partners in the past five years for failure to perform its obligations under the loan documents or limited partnership agreement. An affidavit will be provided by the Applicant and the Developer certifying that they have not been removed as described, or requiring that they disclose each instance of removal with a detailed description of the situation. If an Applicant or Developer submits the affidavit, and the Department learns at a later date that a removal did take place as described, then the Application will be terminated and any Allocation made will be rescinded. The Applicant, Developers or Principals of the Applicant that are in court proceedings at the time of Application must disclose this information and the situation will be evaluated on a case-by-case basis. 3 points will be deducted for each instance of removal.

(j~~h~~) **Tie Breaker Factors.** ~~(2306.185(a)(1) and (b))~~

(1) In the event that two or more Applications receive the same number of points in any given Set-Aside category, Rural Regional Allocation or Urban/Exurban Regional Allocation, or Uniform State Service Region, and are both practicable and economically feasible, the Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for a tax credit commitment.

(A) Applications involving any Rehabilitation of existing Units will win this first tier tie breaker over Applications involving solely New Construction.

(B) The Application located in the municipality or, if located outside a municipality, the county, that has the lowest state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins as reflected in the Reference Manual will win this second tier tie breaker.

(~~B~~C) The amount of requested tax credits per net rentable square foot requested (the lower credits per square foot has preference)

~~(C) An Application will have preference if the Development Owner certifies that it will cooperate with the local public housing authority in accepting tenants from their waiting lists.~~

(2) This clause identifies how ties will be handled when dealing with the restrictions on location identified in §~~49.~~50.5(a)(8) of this title, and in dealing with any issues relating to capture rate calculation. When two ~~Tax Exempt~~Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the reservation docket~~lot~~ number issued by~~during~~ the Texas Bond Review Board ~~lottery~~ in making its determination. When two competitive Housing Tax Credits Applications in the Application Round would violate one of these restrictions, and only one Development can be selected, the Department will utilize the tie breakers identified in paragraph (1) of this subsection. When a ~~Tax Exempt~~Tax-Exempt Bond Development and a competitive Housing Tax Credit Application in the Application Round ~~with the same score~~ would both violate a restriction, the following determination will be used:

(A) ~~Tax Exempt~~Tax-Exempt Bond Developments that receive their reservation from the Bond Review Board on or before~~prior to~~ April 30, ~~2005~~ 2006 will take precedence over the Housing Tax Credit Applications in the ~~2005~~ 2006 Application Round; ~~and~~

(B) Housing Tax Credit Applications approved by the Board for tax credits in July ~~2005~~ 2006 will take precedence over the ~~Tax Exempt~~Tax-Exempt Bond Developments that received their reservation from the Bond Review Board on or between May 1, ~~2005~~ 2006 and July 31, 2006~~5~~; and

(C) After July 31, 2006~~2004~~, a ~~Tax Exempt~~Tax-Exempt Bond Development with a reservation from the Bond Review Board will take precedence over any Housing Tax Credit Application from the ~~2005~~ 2006 Application Round on the Waiting List. However, if no reservation has been issued by the date the Board approves an allocation to a Development from the Waiting List of Applications in the ~~2005~~ 2006 Application Round or a forward commitment, then the Waiting List Application or forward commitment will be eligible for its allocation.

(k~~i~~) **Staff Recommendations**. (2306.1112 and 2306.6731) After eligible Applications have been evaluated, ranked and underwritten in accordance with the QAP and the Rules, the Department staff shall make its recommendations to the Executive Award and Review Advisory Committee. The Committee will develop funding priorities and shall make commitment recommendations to the Board. Such recommendations and supporting documentation shall be made in advance of the meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. The Committee will provide written, documented recommendations to the Board which will address at a minimum the financial or programmatic viability of each Application and a list of all submitted Applications which enumerates the reason(s) for the Development's proposed selection or denial, including all ~~evaluation~~ factors provided in subsection §50.10(a)~~(g)~~ of this section that were used in making this determination.

§~~49.~~50.10 Board Decisions; Waiting List; Forward Commitments

(a) **Board Decisions.** The Board's decisions shall be based upon the Department's and the Board's evaluation of the proposed Developments' consistency with the criteria and requirements set forth in this QAP and Rules.

(1) On awarding tax credits, the Board shall document the reasons for each Application's selection, including any discretionary factors used in making its determination, and the reasons for any decision that conflicts with the recommendations made by Department staff. The Board may not make, without good cause, a commitment decision that conflicts with the recommendations of Department staff. Good cause includes the Board's decision to apply discretionary factors. (2306.6725(c); 42(m)(1)(A)(iv); 2306.6731)

(2) In making a determination to allocate tax credits, the Board shall be authorized to not rely solely on the number of points scored by an Application. It shall in addition, be entitled to take into account, as it deems appropriate, the discretionary factors listed in this paragraph. The Board may also apply these discretionary factors to its consideration of ~~Tax Exempt~~Tax-Exempt Bond Developments. If the Board disapproves or fails to act upon an Application, the Department shall issue to the Applicant a written notice stating the reason(s) for the Board's disapproval or failure to act. In making tax credit decisions (including those related to ~~Tax Exempt~~Tax-Exempt Bond Developments), the Board, in its discretion, may evaluate, consider and apply any one or more of the following discretionary factors: (2306.111(g)(3); 2306.0661(f))

(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~~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; (General Appropriation Act, Article VII, Rider 8(e))

(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.

(3) Before the Board approves any Application, the Department shall assess the compliance history of the Applicant with respect to all applicable requirements; and the compliance issues associated with the proposed Development, including compliance information provided by the Texas State Affordable Housing Corporation. The Committee shall provide to the Board a written report regarding the results of the assessments. The written report will be included in the appropriate Development file for Board and Department review. The Board shall fully document and disclose any instances in which the Board approves a Development Application despite any noncompliance associated with the Development or Applicant. (2306.057)

(b) **Waiting List.** (2306.6711(c) and (d)) If the entire State Housing Credit Ceiling for the applicable calendar year has been committed or allocated in accordance with this chapter, the Board shall generate, concurrently with the issuance of commitments, a waiting list of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The Board may also apply discretionary factors in determining the Waiting List. If at any time prior to the end of the Application Round, one or more Commitment Notices expire and a sufficient amount of the State Housing Credit Ceiling becomes available, the

Board shall issue a Commitment Notice to Applications on the waiting list subject to the amount of returned credits, the regional allocation goals and the Set-Aside categories, including the 10% Nonprofit Set-Aside allocation required under the Code, §42(h)(5). At the end of each calendar year, all Applications which have not received a Commitment Notice shall be deemed terminated. The Applicant may re-apply to the Department during the next Application Acceptance Period.

(c) **Forward Commitments.** The Board may determine to issue commitments of tax credit authority with respect to Applications~~Developments~~ from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment") to Applications submitted in accordance with the rules and timelines required under this rule and the Application Submission Procedures Manual. The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors. The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the ~~2005~~ 2006 calendar year, also referred to as Rural Rescue Developments. Applications that are submitted under the ~~2005~~ 2006 QAP and granted a Forward Commitment of 2007~~2006~~ Housing Tax Credits are considered by the Board to comply with the 2007 ~~2006~~ QAP by having satisfied the requirements of this ~~2005~~ 2006 QAP, except for statutorily required QAP changes.

(1) Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the Credit Ceiling from which the credits are allocated.

(2) Any forward commitment made pursuant to this section shall be made subject to the availability of State Housing Credit Ceiling in the calendar year with respect to which the forward commitment is made. If a forward commitment shall be made with respect to a Development placed in service in the year of such commitment, the forward commitment shall be a "binding commitment" to allocate the applicable credit dollar amount within the meaning of the Code, §42(h)(1)(C).

(3) If tax credit authority shall become available to the Department in a calendar year in which forward commitments have been awarded, the Department may allocate such tax credit authority to any eligible Development which received a forward commitment, in which event the forward commitment shall be canceled with respect to such Development.

§~~49.~~50.11. Required Application Notifications,~~,~~ Receipt of Public Comment, and Meetings with Applicants; Viewing of Pre-Applications and Applications; Confidential Information.

(a) **Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants.**

(1) Within approximately seven business days after the close of the Pre-Application Acceptance Period, the Department shall publish a Pre-Application Submission Log on its web site. Such log shall contain the Development name, address, Set-Aside, number of units, requested credits, owner contact name and phone number. (2306.6717(a)(1))

(2) Approximately 30 days before the close of the Application Acceptance Period, the Department will release the evaluation and assessment of the Pre-Applications on its web site.

(3) Not later than 14 days after the close of the Pre-Application Acceptance Period, or Application Acceptance Period for Applications for which no Pre-Application was submitted, the Department shall: (2306.1114)

(A) publish an Application submission log on its web site.

(B) give notice of a proposed Development in writing that provides the information required under clause (i) of this subparagraph to all of the individuals and entities described in clauses (ii) - (x)~~(viii)~~ of this subparagraph. (2306.6718(a) - (c))

(i) The following information will be provided in these notifications:

(I) The relevant dates affecting the Application including the date on which the Application was filed, the date or dates on which any hearings on the Application will be held and the date by which a decision on the Application will be made;

(II) A summary of relevant facts associated with the Development;

(III) A summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(IV) The name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

(ii) Presiding officer of the governing body of the political subdivision containing the Development (mayor or county judge) to advise such individual that the Development, or a part thereof, will be located in his/her jurisdiction and request any comments which such individual may have concerning such Development.

(iii) If the Department receives a letter from the mayor or county judge of an affected city or county that ~~presiding officer of the governing body~~ expresses opposition to the Development, the Department will give consideration to the objections raised and will offer to visit the proposed site or Development with the mayor or county judge or their designated representative within 30 days of notification. ~~to conduct a physical inspection of the Development site and consult with the presiding officer of the governing body~~ The site visit must occur before the Housing Tax Credit can be approved by the Board. ~~before the Application is scored, if opposition is received prior to scoring being completed.~~ The Department will obtain reimbursement from the Applicant for the necessary travel and expenses at rates consistent with the state authorized rate (General Appropriation Act, Article VII, Rider 5) ~~(Rider 4 of Appropriations Bill)~~ (§42(m)(1));

(iv~~iii~~) Any member of the governing body of a political subdivision who represents the A~~a~~rea containing the Development. If the governing body has single-member districts, then only that member of the governing body for that district will be notified, however if the governing body has at-large districts, then all members of the governing body will be notified;

(~~i~~v) state representative and state senator who represent the community where the Development is proposed to be located. If the state representative or senator host~~hold~~ a community meeting, the Department, if timely notified, will ensure staff are in attendance to provide information regarding the Housing Tax Credit Program;~~shall provide appropriate representation.~~ (General Appropriation Act, Article VII, Rider 8(d))

(vi) United States representative who represents the community containing the Development;

(vii) Superintendent of the school district containing the Development;

(viii) Presiding officer of the board of trustees of the school district containing the Development;

(ix~~viii~~) Any Neighborhood Organizations on record with the city or county in which the Development is to be located and whose boundaries contain the proposed Development site~~, based on the letters obtained by the Applicant under §49.9(f) of this title~~ or otherwise known to the Applicant or Department and on record with the state or county; and

(~~i~~x) Advocacy organizations, social service agencies, civil rights organizations, tenant organizations, or others who may have an interest in securing the development of affordable housing that are registered on the Department's email list service.

(C) The elected officials identified in subparagraph (B) of this paragraph will be provided an opportunity to comment on the Application during the Application evaluation process. (§42(m)(1))

(4) The Department shall hold at least three public hearings in different Uniform State Service Regions of the state to receive comment on the submitted Applications and on other issues relating to the Housing Tax Credit Program for competitive Applications under the State Housing Credit Ceiling. (2306.6717(c))

(5) The Department shall make available on the Department's website information regarding the Housing Tax Credit Program including notice of public hearings, meetings, Application Round opening and closing dates, submitted Applications, and Applications approved for underwriting and recommended to the Board, and shall provide that information to locally affected community groups, local and state elected officials, local housing departments, any appropriate newspapers of general or limited circulation that serve the community in which a proposed Development is to be located, nonprofit and for-profit organizations, on-site property managers of occupied Developments that are the subject of Applications for posting in prominent locations at those Developments, and any other interested persons including community groups, who request the information. (2306.6717(b);~~ 2306.6732~~)

(6) Approximately forty days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will notify each Applicant of the receipt of any opposition received by the Department relating to his or her Development at that time.

(7) Not later than the third working day after the date of completion of each stage of the Application process, including the results of the Application scoring and underwriting phases and the commitment phase, the results will be posted to the Department's web site. (2306.6717(a)(3))

(8) At least thirty days prior to the date of the July Board meeting at which the issuance of Commitment Notices ~~or Determination Notices~~ shall be discussed, the Department will:

(A) provide the Application scores to the Board; (2306.6711(a)

(B) if feasible, post to the Department's web site the entire Application, including all supporting documents and exhibits, the Application Log as further described in §~~49.~~50.19(b) of this title, a scoring sheet providing details of the Application score, and any other documents relating to the processing of the Application. (~~2306.6711(a) and~~ 2306.6717(a)(1) and (2))

(9) A summary of comments received by the Department on specific Applications shall be part of the documents required to be reviewed by the Board under this subsection if it is received 30 business days prior to

the date of the Board Meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. Comments received after this deadline will not be part of the documentation submitted to the Board. However, a public comment period will be available prior to the Board's decision, at the Board meeting where tax credit commitment decisions will be made.

(10) Not later than the 120th day after the date of the initial issuance of Commitment Notices for housing tax credits, the Department shall provide an Applicant who did not receive a commitment for housing tax credits with an opportunity to meet and discuss with the Department the Application's deficiencies, scoring and underwriting. (2306.6711(e))

(b) **Viewing of Pre-Applications and Applications.** Pre-Applications and Applications for tax credits are public information and are available upon request after the Pre-Application and Application Acceptance Periods close, respectively. All Pre-Applications and Applications, including all exhibits and other supporting materials, except Personal Financial Statements and Social Security numbers, will be made available for public disclosure after the Pre-Application and Application periods close, respectively. The content of Personal Financial Statements may still be made available for public disclosure upon request if the Attorney General's office deems it is not protected from disclosure by the Texas Public Information Act.

(c) **Confidential Information.** The Department may treat the financial statements of any Applicant as confidential and may elect not to disclose those statements to the public. A request for such information shall be processed in accordance with §552.305 of the Government Code. (2306.6717(d))

§~~49.~~50.12. ~~Tax Exempt~~Tax-Exempt Bond Developments: Filing of Applications;~~,~~ Applicability of Rules;~~,~~ Supportive Services;~~,~~ Financial Feasibility Evaluation;~~,~~ Satisfaction of Requirements.

(a) **Filing of Applications for ~~Tax Exempt~~Tax-Exempt Bond Developments.** Applications for a ~~Tax Exempt~~Tax-Exempt Bond Development may be submitted to the Department as described in paragraphs (1) and (2) of this subsection:

(1) Applicants which receive advance notice of a Program Year ~~2005~~ 2006 reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than ~~5~~12:00 p.m. on December 29~~30~~, ~~2004~~2005. Such filing must be accompanied by the Application fee described in §~~49.~~50.20 of this title.

(2) Applicants which receive advance notice of a Program Year ~~2005~~ 2006 reservation after being placed on the waiting list as a result of the TBRB lottery for private activity volume cap must submit Volume 1 and Volume 2 of the Application and the Application fee described in §~~49.~~50.20 of this title prior to the Applicant's bond reservation date as assigned by the TBRB. Any outstanding documentation required under this section must be submitted to the Department at least 60 days prior to the Board meeting at which the decision to issue a Determination Notice would be made unless a waiver is being requested.

(b) **Applicability of Rules for ~~Tax Exempt~~Tax-Exempt Bond Developments.** ~~Tax Exempt~~Tax-Exempt Bond Development Applications are subject to all rules in this title, with the only exceptions being the following sections: §~~49.~~50.4 of this title (regarding State Housing Credit Ceiling), §~~49.~~50.7 of this title (regarding Regional Allocation and Set-Asides), §~~49.~~50.8 of this title (regarding Pre-Application), §~~49.~~50.9(d) and (f) of this title (regarding Evaluation Processes for Competitive Applications and Rural Rescue Applications~~ Review and Prioritization~~), §~~49.~~50.9(i~~g~~) of this title (regarding Selection Criteria), §~~49.~~50.10(b) and (c) of this title (regarding Waiting List and Forward Commitments), and §~~49.~~50.14(a) and (b) of this title (regarding Carryover and 10% Test). Such Developments requesting a Determination Notice in the current calendar year must meet all Threshold Criteria requirements stipulated in §~~49.~~50.9(h~~f~~) of this title. Such Developments which received a Determination Notice in a prior calendar year must meet all Threshold Criteria requirements stipulated in the QAP and Rules in effect for the calendar year in which the Determination Notice was issued; provided, however, that such Developments shall comply with all procedural requirements for obtaining Department action in the current QAP and Rules; and such other requirements of the QAP and Rules as the Department determines applicable. Consistency with the local municipality's consolidated plan or similar planning document must be demonstrated in those instances where the city or county has a consolidated plan. Applicants will be required to meet all conditions of the Determination Notice by the time the construction loan is closed unless otherwise specified in the Determination Notice. Applicants must meet the requirements identified in §~~49.~~50.15~~(a)~~ of this title. No later than 60 days following closing of the bonds, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan (as further described in the Carryover Allocation Procedures Manual), and evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect at Department-approved Fair Housing training relating to design issues for at least five hours. Certifications must not be older than two years. Applications that receive a reservation from the Bond Review Board on or before December 31, ~~2004~~ 2005 will be required to satisfy the requirements of the ~~2004~~ 2005 QAP; Applications that receive a reservation from the Bond Review Board on or after January 1, ~~2005~~ 2006 will be required to satisfy the requirements of the ~~2005~~ 2006 QAP.

(c) **Supportive Services for ~~Tax Exempt~~Tax-Exempt Bond Developments.** (2306.254) ~~Tax Exempt~~Tax-Exempt Bond Development 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 these services will be included in the LURA. Acceptable services as described in paragraphs (1) - (3) of this subsection include:

(1) the services must be in at least one of the following categories: child care, transportation, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, scholastic tutoring, social events and activities, community gardens or computer facilities; ~~or~~

(2) any other program described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families, or

(3) any other services approved in writing by the Issuer. The plan for tenant supportive services submitted for review and approval of the Issuer must contain a plan for coordination of services with state workforce development and welfare programs. The coordinated effort will vary depending upon the needs of the tenant profile at any given time as outlined in the plan.

(d) **Financial Feasibility Evaluation for ~~Tax Exempt~~Tax-Exempt Bond Developments.** Code §42(m)(2)(D) requires the bond issuer (if other than the Department) to ensure that a ~~Tax Exempt~~Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Treasury Regulations prescribe the occasions upon which this determination must be made. In light of the requirement, issuers may either elect to underwrite the Development for this purpose in accordance with the QAP and the Underwriting Rules and Guidelines, §1.32 of this title or request that the Department perform the function. If the issuer underwrites the Development, the Department will, nonetheless, review the underwriting report and may make such changes in the amount of credits which the Development may be allowed as are appropriate under the Department's guidelines. The Determination Notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the Development is determined to be eligible in accordance with this subsection, and the amount of tax credits reflected in the IRS Form 8609 may be greater or less than the amount set forth in the Determination Notice, based upon the Department's and the bond issuer's determination as of each building's placement in service. Any increase of tax credits, from the amount specified in the Determination Notice, at the time of each building's placement in service will only be permitted if it is determined by the Department, as required by Code §42(m)(2)(D), that the ~~Tax Exempt~~Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. Increases to the amount of tax credits that do not exceed 110% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director.

(e) **Satisfaction of Requirements for ~~Tax Exempt~~Tax-Exempt Bond Developments.** If the Department staff determines that all requirements of this QAP and Rules have been met, the Department will recommend that the Board authorize the issuance of a Determination Notice. The Board, however, may utilize the discretionary factors identified in §~~49.~~50.10(a) of this title in determining if they will authorize the Department to issue a Determination Notice to the Development Owner. The Determination Notice, if authorized by the Board, will confirm that the Development satisfies the requirements of the QAP and Rules in accordance with the Code, §42(m)(1)(D).

§~~49.~~50.13 Commitment and Determination Notices; Agreement and Election Statement; Documentation Submission Requirements.

(a) **Commitment and Determination Notices.** If the Board approves an Application, within ten days of approval the Department will:

(1) if the Application is for a commitment from the State Housing Credit Ceiling, issue a Commitment Notice to the Development Owner which shall:

(A) confirm that the Board has approved the Application; and

(B) state the Department's commitment to make a Housing Credit Allocation to the Development Owner in a specified amount, subject to the feasibility determination described at §~~49.~~ 50.16 of this title, and compliance by the Development Owner with the remaining requirements of this chapter and any other terms and conditions set forth therein by the Department. This commitment shall expire on the date specified therein unless the Development Owner indicates acceptance of the commitment by executing the Commitment Notice or Determination Notice, pays the required fee specified in §~~49.~~50.20 of this title, and satisfies any other conditions set forth therein by the Department. A Development Owner may request an extension of the Commitment Notice expiration date by submitting an extension request and associated extension fee as described in §~~49.~~50.20 of this title. Any such extension must be approved by the Board. In no event shall the expiration date of a Commitment Notice be extended beyond the last business day of the applicable calendar year.

(2) if the Application regards a ~~Tax Exempt~~Tax-Exempt Bond Development, issue a Determination Notice to the Development Owner which shall:

(A) confirm the Board's determination that the Development satisfies the requirements of this QAP; and

(B) state the Department's commitment to issue IRS Form(s) 8609 to the Development Owner in a specified amount, subject to the requirements set forth at §~~49.~~50.12 of this title and compliance by the Development Owner with all applicable requirements of this title and any other terms and conditions set forth therein by the Department. The Determination Notice shall expire on the date specified therein unless the Development Owner indicates acceptance by executing the Determination Notice and paying the required fee specified in §~~49.~~50.20 of this title. The Determination Notice shall also expire unless the Development Owner satisfies any conditions set forth therein by the Department within the applicable time period.

(3) notify, in writing, the mayor or other equivalent chief executive officer of the municipality in which the Property is located informing him/her of the Board's issuance of a Commitment Notice or Determination Notice, as applicable.

(4) A Commitment or Determination Notice shall not be issued with respect to any Development for an unnecessary amount or where the cost for the total development, acquisition, construction or R~~r~~ehabilitation exceeds the limitations established from time to time by the Department and the Board, unless the Department staff make a recommendation to the Board based on the need to fulfill the goals of the Housing Tax Credit Program as expressed in this QAP and Rules, and the Board accepts the recommendation. The Department's recommendation to the Board shall be clearly documented.

(5) A Commitment or Determination Notice shall not be issued with respect to the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of one or more other ~~low income~~low-income rental housing properties in the state of Texas administered by the Department, or outside the state of Texas, that is in Material Noncompliance~~Non-Compliance~~ with the LURA (or any other document containing an Extended ~~Low Income~~Low-income Housing Commitment) or the program rules in effect for such property, as described in §60.1 of this title.

(6) The executed Commitment or Determination Notice must be returned to the Department within ten days of the effective date of the Notice.

(b) **Agreement and Election Statement.** Together with the Development Owner's acceptance of the Carryover Allocation, the Development Owner may execute an Agreement and Election Statement, in the form prescribed by the Department, for the purpose of fixing the Applicable Percentage for the Development as that for the month in which the Carryover Allocation was accepted (or the month the bonds were issued for ~~Tax Exempt~~Tax-Exempt Bond Developments), as provided in the Code, §42(b)(2). Current Treasury Regulations, §1.42-8(a)(1)(v), suggest that in order to permit a Development Owner to make an effective election to fix the Applicable Percentage for a Development, the Carryover Allocation Document must be executed by the Department and the Development Owner within the same month. The Department staff will cooperate with a Development Owner, as possible or reasonable, to assure that the Carryover Allocation Document can be so executed.

(c) **Documentation Submission Requirements at Commitment of Funds.** No later than the date the Commitment Notice or Determination Notice is executed by the Applicant and returned to the Department with the appropriate Commitment Fee as further described in §~~49.~~50.20(f) of this title, the following documents must also be provided to the Department. Failure to provide these documents may cause the Commitment to be rescinded. For each Applicant all of the following must be provided:

(1) Evidence that the entity has the authority to do business in Texas;

(2) A Certificate of Account Status from the Texas Comptroller of Public Accounts or, if such a Certificate is not available because the entity is newly formed, a statement to such effect; and a Certificate of Organization from the Secretary of State;

(3) Copies of the entity's governing documents, including, but not limited to, its Articles of Incorporation, Articles of Organization, Certificate of Limited Partnership, Bylaws, Regulations and/or Partnership Agreement; and

(4) Evidence that the signer(s) of the Application have the authority to sign on behalf of the Applicant in the form of a corporate resolution or by-laws which indicate same from the sub-entity in Control and that those Persons signing the Application constitute all Persons required to sign or submit such documents.

§~~49.~~50.14. Carryover;~~,~~ 10% Test;~~,~~ Commencement of Substantial Construction.

(a) **Carryover.** All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 1 of the year in which the Commitment Notice is issued. Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline. In the event that a Development Owner intends to submit the Carryover documentation in any month preceding November of the year in which the Commitment Notice is issued, in order to fix the Applicable Percentage for the Development in that month, it must be submitted no later than the first Friday in the preceding month. If the financing structure, syndication rate, amount of debt or syndication proceeds are revised at the time of Carryover from what was proposed in the original Application, applicable documentation of such changes must be provided and the Development may be reevaluated by the Department. The Carryover Allocation format must be properly completed and delivered to the Department as prescribed by the Carryover Allocation Procedures Manual. All Carryover Allocations will be contingent upon the following, in addition to all other conditions placed upon the Application in the Commitment Notice:

(1) The Development Owner for all N~~n~~ew C~~c~~onstruction Developments must have purchased the property for the Development.

(2) A current original plat or survey of the land, prepared by a duly licensed Texas Registered Professional Land Surveyor. Such survey shall conform to standards prescribed in the Manual of Practice for Land Surveying in Texas as promulgated and amended from time to time by the Texas Surveyors Association as more fully described in the Carryover Procedures Manual.

~~(3) Attendance of the Development Owner and Development architect at Department-approved Fair Housing training on or before the time the 10% Test Documentation is submitted~~

(3~~4~~) For all Developments involving N~~n~~ew C~~c~~onstruction, evidence of the availability of all necessary utilities/services to the Development site must be provided. Necessary utilities include natural gas (if applicable), electric, trash, water, and sewer. Such evidence must be a letter or a monthly utility bill from the appropriate municipal/local service provider. If utilities are not already accessible, then the letter must clearly state: an estimated time frame for provision of the utilities, an estimate of the infrastructure cost, and an estimate of any portion of that cost that will be borne by the Development Owner. Letters must be from an authorized individual representing the organization which actually provides the services. Such documentation should clearly indicate the Development property. If utilities are not already accessible (undeveloped areas), then the letter should not be older than three months from the first day of the Application Acceptance Period.

~~(5) Development Owners must provide evidence to the Department that they have notified the District office of the Texas Department of Transportation of their proposed property consistent with the template provided in the Carryover Allocation Procedures Manual.~~

(4) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, 2006.

(b) **10% Test.** No later than six months from the date the Carryover Allocation Document is executed by the Department and the Development Owner, more than 10% of the Development Owner's reasonably expected basis must have been incurred pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code and Treasury Regulations, §1.42-6. The evidence to support the satisfaction of this requirement must be submitted to the Department no later than June 30 of the year following the execution of the Carryover Allocation Document in a format prescribed by the Department. At the time of submission of the documentation, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan as further described in the Carryover Allocation Procedures Manual. Evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect at Department-approved Fair Housing training relating to design issues for at least five hours on or before the time the 10% Test Documentation is submitted. Certifications must not be older than two years.

(c) **Commencement of Substantial Construction.** The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with the possibility of an extension as described in §~~49.~~50.20 of this title. ~~The minimum activity necessary to meet the requirement of the substantial construction for new Developments will be defined as having expended 10% of the construction contract amount for the Development, adjusted for any change orders, and as documented by both the most recent construction contract application for payment and the inspecting architect. The minimum activity necessary to meet the requirement of substantial construction for rehabilitation Development will be defined as having expended 10% of the construction budget as documented by the inspecting architect. Evidence of such activity shall be provided in a format prescribed by the Department.~~

§~~49.~~50.15. LURA, Cost Certification.~~, LURA.~~

(a) **Land Use Restriction Agreement (LURA).** The Development Owner must request a LURA from the Department no later than the date specified in §60.1(p)(6), the Department's Compliance Monitoring Policies and Procedures. The Development Owner must date, sign and acknowledge before a notary public the LURA and send the original to the Department for execution. The initial compliance and monitoring fee must be accompanied by a statement, signed by the Owner, indicating the start of the Development's Credit Period and the earliest placed in service date for the Development buildings. After receipt of the signed LURA from the Department, the Development Owner shall then record the LURA, along with any and all exhibits attached thereto, in the real property records of the county where the Development is located and return the original document, duly certified as to recordation by the appropriate county official, to the Department no later than the date that the Cost Certification Documentation is submitted to the Department. If any liens (other than mechanics' or materialmen's liens) shall have been recorded against the Development and/or the Property prior to the recording of the LURA, the Development Owner shall obtain the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA, which are required by §42(h)(6)(E)(ii) of the Code to remain in effect following the foreclosure of any such lien. Receipt of such certified recorded original LURA by the Department is required prior to issuance of IRS Form 8609. A representative of the Department, or assigns, shall physically inspect the Development for compliance with the Application and the representations, warranties, covenants, agreements and undertakings contained therein. Such inspection will be conducted before the IRS Form 8609 is issued for a building, but it shall be conducted in no event later than the end of the second calendar year following the year the last building in the Development is placed in service. The Development Owner for Tax-Exempt Bond Developments shall obtain a subordination agreement wherein the lien of the mortgage is subordinated to the LURA.

(b) **Cost Certification**. The Cost Certification Procedures Manual sets forth the documentation required for the Department to perform a feasibility analysis in accordance with §42(m)(2)(C)(i)(II), Internal Revenue Code, and determine the final Credit to be allocated to the Development.

(1) To request IRS Forms 8609, Developments must have:

(A) Placed in Service by December 31 of the year the Commitment Notice was issued if a Carryover Allocation was not requested and received; or December 31 of the second year following the year the Carryover Allocation Agreement was executed;

(B) Scheduled a final construction inspection in accordance with §60.1(c) of this title;

(C) Informed the Department of and received written approval for all Development amendments in accordance with §50.17(c) of this title;

(D) Submitted to the Department the LURA in accordance with §50.15(a) of this title;

(E) Paid all applicable Department fees; and

(F) Prepared all Cost Certification documentation in the format prescribed by the Cost Certification Procedures Manual.

~~If a Carryover Allocation was not requested and received, Developments must be placed in service by December 31 of the year the Commitment Notice was issued. Developments receiving a Carryover Allocation must be placed in service by December 31 of the second year following the year the Carryover Allocation Agreement was executed.~~

(2) ~~Developments requesting IRS Forms 8609 must submit the r~~Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. ~~April 1 of the year following the date the buildings were placed in service.~~ Any Developments issued a Commitment Notice or Determination Notice that fails to submit its Cost Certification documentation by this deadline~~time~~ will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §~~49.~~50.20(l) of this title.

(3) The Department will perform an initial evaluation of the Cost Certification documentation within 45 days from the date of receipt ~~of the Cost Certification documentation~~ and notify the Owner in a deficiency letter of all additional required documentation. Any deficiency letters issued to the Owner pertaining to the Cost Certification documentation will also be copied to the syndicator. ~~Once the Department has determined~~The Department will issue IRS Forms 8609 no later than 90 days from the date that all required documents have been received~~, the Department will issue IRS Forms 8609 no later than 90 days from the date of receipt of those final documents. Any deficiency letters issued to the Owner pertaining to the Cost Certification documentation will also be copied to the syndicator. At the time the Cost Certification documentation is provided, a title policy or 'nothing further certificate' must be provided dated on or after the date of substantial completion~~.

~~(b) **Land Use Restriction Agreement (LURA).** The Development Owner must request a LURA from the Department no later than the date specified in §60.1(p)(6), the Department's Compliance Monitoring Policies and Procedures. The Development Owner must date, sign and acknowledge before a notary public the LURA and send the original to the Department for execution by December 1 of the first year in which credits will be claimed. The initial compliance and monitoring fee must be accompanied by a statement, signed by the Owner, indicating the start of the Development's Credit Period and the earliest placed in service date for the Development buildings. After receipt of the signed LURA from the Department, the Development Owner shall then record the LURA, along with any and all exhibits attached thereto, in the real property records of the county where the Development is located and return the original document, duly certified as to recordation by the appropriate county official, to the Department no later than the date that the Cost Certification Documentation is submitted to the Department. If any liens (other than mechanics' or materialmen's liens) shall have been recorded against the Development and/or the Property prior to the recording of the LURA, the Development Owner shall obtain the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA, which are required by §42(h)(6)(E)(ii) of the Code to remain in effect following the foreclosure of any such lien. Receipt of such certified recorded original LURA by the Department is required prior to issuance of IRS Form 8609. A representative of the Department, or assigns, shall physically inspect the Development for compliance with the Application and the representations, warranties, covenants, agreements and undertakings contained therein. Such inspection will be conducted before the IRS Form 8609 is issued for a building, but it shall be conducted in no event later than the end of the second calendar year following the year the last building in the Development is placed in service. The Development Owner for Tax Exempt~~Tax-Exempt ~~Bond Developments shall obtain a subordination agreement wherein the lien of the mortgage is subordinated to the LURA.~~

§~~49.~~50.16. Housing Credit Allocations.

(a) In making a commitment of a Housing Credit Allocation under this chapter, the Department shall rely upon information contained in the Application to determine whether a building is eligible for the credit under the Code, §42. The Development Owner shall bear full responsibility for claiming the credit and assuring that the Development complies with the requirements of the Code, §42. The Department shall have no responsibility for ensuring that a Development Owner who receives a Housing Credit Allocation from the Department will qualify for the housing credit.

(b) The Housing Credit Allocation Amount shall not exceed the dollar amount the Department determines is necessary for the financial feasibility and the long term viability of the Development throughout the affordability period. (2306.6711(b)) Such determination shall be made by the Department at the time of issuance of the Commitment Notice or Determination Notice; at the time the Department makes a Housing Credit Allocation; and as of the date each building in a Development is placed in service. Any Housing Credit Allocation Amount specified in a Commitment Notice, Determination Notice or Carryover Allocation Document is subject to change by the Department based upon such determination. Such a determination shall be made by the Department based on its evaluation and procedures, considering the items specified in the Code, §42(m)(2)(B), and the department in no way or manner represents or warrants to any Applicant, sponsor, investor, lender or other entity that the Development is, in fact, feasible or viable.

(c) The General Contractor hired by the Development Owner must meet specific criteria as defined by the General Appropriation Act, Article VII, Rider 8(c).~~Seventy-fifth Legislature.~~ A General Contractor hired by a Development Owner or a Development Owner, if the Development Owner serves as General Contractor must demonstrate a history of constructing similar types of housing without the use of federal tax credits. Evidence must be submitted to the Department, in accordance with §~~49.~~50.9(~~f~~h)(4)(H) of this title, which sufficiently documents that the General Contractor has constructed some housing without the use of Housing Tax Credits. This documentation will be required as a condition of the commitment notice or carryover agreement, and must be complied with prior to commencement of construction and at cost certification and final allocation of credits.

(d) An allocation will be made in the name of the Development Owner identified in the related Commitment Notice or Determination Notice. If an allocation is made to a member or Affiliate of the ownership entity proposed at the time of Application, the Department will transfer the allocation to the ownership entity as consistent with the intention of the Board when the Development was selected for an award of tax credits. Any other transfer of an allocation will be subject to review and approval by the Department consistent with §~~49.~~50.17(c) of this title. The approval of any such transfer does not constitute a representation to the effect that such transfer is permissible under §42 of the Code or without adverse consequences thereunder, and the Department may condition its approval upon receipt and approval of complete current documentation regarding the owner including documentation to show consistency with all the criteria for scoring, evaluation and underwriting, among others, which were applicable to the original Applicant.

(e) The Department shall make a Housing Credit Allocation, either in the form of IRS Form 8609, with respect to current year allocations for buildings placed in service, or in the Carryover Allocation Document, for buildings not yet placed in service, to any Development Owner who holds a Commitment Notice which has not expired, and for which all fees as specified in §~~49.~~50.20 of this title have been received by the Department and with respect to which all applicable requirements, terms and conditions have been met. For ~~Tax Exempt~~Tax-Exempt Bond Developments, the Housing Credit Allocation shall be made in the form of a Determination Notice. For an IRS Form 8609 to be issued with respect to a building in a Development with a Housing Credit Allocation, satisfactory evidence must be received by the Department that such building is completed and has been placed in service in accordance with the provisions of the Department's Cost Certification Procedures Manual. The Cost Certification documentation requirements will include a certification and inspection report prepared by a Third-Party accredited accessibility inspector to certify that the Development meets all required accessibility standards. IRS Form 8609 will not be issued until the certifications are received by the Department. The Department shall mail or deliver IRS Form 8609 (or any successor form adopted by the Internal Revenue Service) to the Development Owner, with Part I thereof completed in all respects and signed by an authorized official of the Department. The delivery of the IRS Form 8609 will occur only after the Development Owner has complied with all procedures and requirements listed within the Cost Certification Procedures Manual. Regardless of the year of Application to the Department for Housing Tax Credits, the current year's Cost Certification Procedures Manual must be utilized when filing all cost certification materials. A separate Housing Credit Allocation shall be made with respect to each building within a Development which is eligible for a housing credit; provided, however, that where an allocation is made pursuant to a Carryover Allocation Document on a Development basis in accordance with the Code, §42(h)(1)(F), a housing credit dollar amount shall not be assigned to particular buildings in the Development until the issuance of IRS Form 8609s with respect to such buildings. The Department may delay the issuance of IRS Form 8609 if any Development violates the representations of the Application.

(f) In making a Housing Credit Allocation, the Department shall specify a maximum Applicable Percentage, not to exceed the Applicable Percentage for the building permitted by the Code, §42(b), and a maximum Qualified Basis amount. In specifying the maximum Applicable Percentage and the maximum Qualified Basis amount, the Department shall disregard the first-year conventions described in the Code, §42(f)(2)(A) and §42(f)(3)(B). The Housing Credit Allocation made by the Department shall not exceed the amount necessary to support the extended ~~low income~~low-income housing commitment as required by the Code, §42(h)(6)(C)(i).

(g) Development inspections shall be required to show that the Development is built or rehabilitated according to construction threshold criteria and Development characteristics identified at application. At a minimum, all Development inspections must include an inspection for quality during the construction process while defects can reasonably be corrected and a final inspection at the time the Development is placed in service. All such Development inspections shall be performed by the Department or by an independent Third Party inspector acceptable to the Department. The Development Owner shall pay all fees and costs of said inspections as described in §~~49.~~50.20 of this title. For properties receiving financing through TX-USDA-RHS, the Department shall accept the inspections performed by TX-USDA-RHS in lieu of having other Third party Inspections. Details regarding the construction inspection process are set forth in the Department Rule §60.1 of this title (2306.081; General Appropriation Act, Article VII, Rider 8(b)).

(h) After the entire Development is placed in service, which must occur prior to the deadline specified in the Carryover Allocation Document and as further outlined in §~~49.~~50.15 of this title, the Development Owner shall be responsible for furnishing the Department with documentation which satisfies the requirements set forth in the Cost Certification Procedures Manual. For purposes of this title, and consistent with IRS Notice 88-116, the placed in service date for a new or existing building used as residential rental property is the date on which the building is ready and available for its specifically assigned function and more specifically when the first Unit in the building is certified as being suitable for occupancy in accordance with state and local law and as certified by the appropriate local authority or registered architect as ready for occupancy. The Cost Certification must be submitted for the entire Development; therefore partial Cost Certifications are not allowed. The Department may require copies of invoices and receipts and statements for materials and labor utilized for the N~~n~~ew C~~c~~onstruction or R~~r~~ehabilitation and, if applicable, a closing statement for the acquisition of the Development as well as for the closing of all interim and permanent financing for the Development. If the Development Owner does not fulfill all representations and commitments made in the Application, the Department may make reasonable reductions to the tax credit amount allocated via the IRS Form 8609, may withhold issuance of the IRS Form 8609s until these representations and commitments are met, and/or may terminate the allocation, if appropriate corrective action is not taken by the Development Owner.

(i) The Board at its sole discretion may allocate credits to a Development Owner in addition to those awarded at the time of the initial Carryover Allocation in instances where there is bona fide substantiation of cost overruns and the Department has made a determination that the allocation is needed to maintain the Development's financial viability.

(j) The Department may, at any time and without additional administrative process, determine to award credits to Developments previously evaluated and awarded credits if it determines that such previously awarded credits are or may be invalid and the owner was not responsible for such invalidity. ~~The Department may also consider an amendment to a Commitment Notice or Carryover Allocation or other requirement with respect to a Development if the revisions:~~

~~(1) are consistent with the Code and the Housing Tax Credit Program;~~

~~(2) do not occur while the Development is under consideration for tax credits;~~

~~(3) do not involve a change in the number of points scored (unless the Development's ranking is adjusted because of such change);~~

~~(4) do not involve a change in the Development's site; or~~

~~(5) do not involve a change in the set-aside election.~~

§~~49.~~50.17 Board Reevaluation, Appeals Process; Provision of Information or Challenges Regarding Applications; Amendments;~~,~~ Housing Tax Credit and Ownership Transfers;~~,~~ Sale of Tax Credit Properties;~~,~~ Withdrawals;~~,~~ Cancellations; Alternative Dispute Resolution.

(a) **Board Reevaluation.** (2306.6731(b)) Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change between the time of initial Board approval of the Development and the time of issuance of a Commitment Notice or Determination Notice for the Development. For the purposes of this subsection, substantial change shall be those items identified in subsection (d)(4)~~(c)(3)~~ of this section. The Board may revoke any Commitment Notice or Determination Notice issued for a Development that has been unfavorably reevaluated by the Board.

(b) **Appeals Process.** (2306.6715) An Applicant may appeal decisions made by the Department as follows.

(1) The decisions that may be appealed are identified in subparagraphs (A) - (D)~~(C)~~ of this paragraph.

(A) a determination regarding the Application’s satisfaction of:

(i) Eligibility Requirements;

(ii) Disqualification or debarment criteria;

(iii) Pre-Application or Application Threshold Criteria;

(iv) Underwriting Criteria;

(B) the scoring of the Application under the Application Selection Criteria; and

(C) a recommendation as to the amount of housing tax credits to be allocated to the Application.

(D) Any Department decision that results in termination of an Application.

(2) An Applicant may not appeal a decision made regarding an Application filed by another Applicant.

(3) An Applicant must file its appeal in writing with the Department not later than the seventh day after the date the Department publishes the results of any stage of the Application evaluation process identified in §~~49.~~50.9 of this title. In the appeal, the Applicant must specifically identify the Applicant's grounds for appeal, based on the original Application and additional documentation filed with the original Application. If the appeal relates to the amount of housing tax credits recommended to be allocated, the Department will provide the Applicant with the underwriting report upon request.

(4) The Executive Director of the Department shall respond in writing to the appeal not later than the 14th day after the date of receipt of the appeal. If the Applicant is not satisfied with the Executive Director's response to the appeal, the Applicant may appeal directly in writing to the Board, provided that an appeal filed with the Board under this subsection must be received by the Board before:

(A) the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made; or

(B) the third day preceding the date of the Board meeting described by subparagraph (A) of this paragraph, if the Executive Director does not respond to the appeal before the date described by subparagraph (A) of this paragraph.

(5) Board review of an appeal under paragraph (4) of this subsection is based on the original Application and additional documentation filed with the original Application. The Board may not review any information not contained in or filed with the original Application. The decision of the Board regarding the appeal is final.

(6) The Department will post to its web site an appeal filed with the Department or Board and any other document relating to the processing of the appeal. (2306.6717(a)(5))

(c) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application**. The Department will address information or challenges received from unrelated entities to a 2006 Application, utilizing a preponderance of the evidence standard, in the following manner.

(1) Within seven days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department's website.

(2) Within seven days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven days to respond to all information and challenges provided to the Department.

(3) Within 14 days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.

(d) **Amendment of Application Subsequent to Allocation by Board.** (2306.6712 and 2306.6717(a)(4))

(1) If a proposed modification would materially alter a Development approved for an allocation of a housing tax credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application.

(2) The Executive Director of the Department shall require the Department staff assigned to underwrite Applications to evaluate the amendment and provide an analysis and written recommendation to the Board. The appropriate party monitoring compliance during construction in accordance with §~~49.~~50.18 of this title shall also provide to the Board an analysis and written recommendation regarding the amendment. For amendments which require Board approval, the amendment request must be received by the Department at least 30 days prior to the Board meeting where the amendment will be considered.

(3) ~~For Applications approved by the Board prior to September 1, 2001, the Executive Director will approve or deny the amendment request. For Applications approved by the Board after September 1, 2001, t~~The Board must vote on whether to approve ~~the~~ an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of housing tax credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment:

(A) would materially alter the Development in a negative manner; or

(B) would have adversely affected the selection of the Application in the Application Round.

(4) Material alteration of a Development includes, but is not limited to:

(A) a significant modification of the site plan;

(B) a modification of the number of units or bedroom mix of units;

(C) a substantive modification of the scope of tenant services;

(D) a reduction of three percent or more in the square footage of the units or common areas;

(E) a significant modification of the architectural design of the Development;

(F) a modification of the residential density of the Development of at least five percent;

(G) an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application; and

(H) any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, the Department staff shall consider whether the need for the modification proposed in the amendment was:

(A) reasonably foreseeable by the Applicant at the time the Application was submitted; or

(B) preventable by the Applicant.

(6) This section shall be administered in a manner that is consistent with the Code, §42.

(7) Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and monitor regarding the amendment will be posted to the Department's web site.

(8) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants targeted in the original Application, the following procedure will apply. For amendments that involve a reduction in the total number of ~~low income~~low-income Units being served, or a reduction in the number of ~~low income~~low-income Units at any level of AMGI represented at the time of Application, evidence must be presented to the Department that includes written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request, however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development. Additionally, if it is determined by the Department that the allocation of credits would not have been made in the year of allocation because the loss of ~~low income~~low-income targeting points would have resulted in the Application not receiving an allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (4% or 9%) for 24 months from the time that the amendment is approved.

(~~d~~e) **Housing Tax Credit and Ownership Transfers.** (2306.6713) A Development Owner may not transfer an allocation of housing tax credits or ownership of a Development supported with an allocation of housing tax credits to any Person other than an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer.

(1) Transfers will not be approved prior to the issuance of IRS Forms 8609 unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (potential bankruptcy, removal by a partner, etc.). A Development Owner seeking Executive Director approval of a transfer and the proposed transferee must provide to the Department a copy of any applicable agreement between the parties to the transfer, including any third-party agreement with the Department.

(2) A Development Owner seeking Executive Director approval of a transfer must provide the Department with documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties; and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, the Department shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, LURAs; and the sufficiency of the transferee's experience with Developments supported with Housing Credit Allocations. If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application.

(3) As it relates to the Credit Cap further described in §~~49.~~50.6(d) of this section, the credit cap will not be applied in the following circumstances:

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

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

(f~~e~~) **Sale of Certain Tax Credit Properties**. Consistent with 2306.6726, Texas Government Code, not later than two years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under 2306.6725(b)(1), Texas Government Code and who intends to sell the property shall notify the Department of its intent to sell.

(1) The Development Owner shall notify Qualified Nonprofit Organizations and tenant organizations of the opportunity to purchase the Development. The Development Owner may:

(A) during the first six-month period after notifying the Department, negotiate or enter into a purchase agreement only with a Qualified Nonprofit Organization that is also a community housing development organization as defined by the federal home investment partnership program;

(B) during the second six-month period after notifying the Department, negotiate or enter into a purchase agreement with any Qualified Nonprofit Organization or tenant organization; and

(C) during the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the Department or any Qualified Nonprofit Organization or tenant organization approved by the Department.

(2) Notwithstanding items for which points were received consistent with §~~49.~~50.9(i~~g~~) of this title, a Development Owner may sell the Development to any purchaser after the expiration of the compliance period if a Qualified Nonprofit Organization or tenant organization does not offer to purchase the Development at the minimum price provided by §42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(7)), and the Department declines to purchase the Development.

(g~~f~~) **Withdrawals.** An Applicant may withdraw an Application prior to receiving a Commitment Notice, Determination Notice, Carryover Allocation Document or Housing Credit Allocation, or may cancel a Commitment Notice or Determination Notice by submitting to the Department a notice, as applicable, of withdrawal or cancellation, and making any required statements as to the return of any tax credits allocated to the Development at issue.

(h~~g~~) **Cancellations.** The Department may cancel a Commitment Notice, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 with respect to a Development if:

(1) The Applicant or the Development Owner, or the Development, as applicable, fails to meet any of the conditions of such Commitment Notice or Carryover Allocation or any of the undertakings and commitments made by the Development Owner in the Applications process for the Development;

(2) ~~a~~Any statement or representation made by the Development Owner or made with respect to the Development Owner or the Development is untrue or misleading;

(3) ~~a~~An event occurs with respect to the Applicant or the Development Owner which would have made the Development's Application ineligible for funding pursuant to §~~49.~~50.5 of this title if such event had occurred prior to issuance of the Commitment Notice or Carryover Allocation; or

(4) The Applicant or the Development Owner or the Development, as applicable, fails to comply with these Rules or the procedures or requirements of the Department.

(i~~h~~) **Alternative Dispute Resolution Policy.** In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator~~ (fax: 512-475-3978)~~. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

§~~49.~~50.18. Compliance Monitoring and Material Noncompliance~~Non-Compliance~~.

The Code, §42(m)(1)(B)(iii), requires the Department as the housing credit agency to include in its QAP a procedure that the Department will follow in monitoring Developments for compliance with the provisions of the Code, §42 and in notifying the IRS of any noncompliance of which the Department becomes aware. Detailed compliance rules and procedures for monitoring are set forth in Department Rule §60.1 of this title.

§~~49.~~50.19. Department Records;~~,~~ Application Log;~~,~~ IRS Filings.

(a) **Department Records.** At all times during each calendar year the Department shall maintain a record of the following:

(1) the cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Commitment Notices during such calendar year;

(2) the cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Carryover Allocation Documents during such calendar year;

(3) the cumulative amount of Housing Credit Allocations made during such calendar year; and

(4) the remaining unused portion of the State Housing Credit Ceiling for such calendar year.

(b) **Application Log.** (2306.6702(a)(3) and 2306.6709) The Department shall maintain for each Application an Application Log that tracks the Application from the date of its submission. The Application Log will contain, at a minimum, the information identified in paragraphs (1) - (9) of this subsection.

(1) the names of the Applicant and all General Partners of the Development Owner, the owner contact name and phone number, and full contact information for all members of the Development Team;

(2) the name, physical location, and address of the Development, including the relevant Uniform State Service Region of the state;

(3) the number of Units and the amount of housing tax credits requested for allocation by the Department to the Applicant;

(4) any Set-Aside category under which the Application is filed;

(5) the requested and awarded score of the Application in each scoring category adopted by the Department under the Qualified Allocation Plan;

(6) any decision made by the Department or Board regarding the Application, including the Department's decision regarding whether to underwrite the Application and the Board's decision regarding whether to allocate housing tax credits to the Development;

(7) the names of individuals making the decisions described by paragraph (6) of this subsection, including the names of Department staff scoring and underwriting the Application, to be recorded next to the description of the applicable decision;

(8) the amount of housing tax credits allocated to the Development; and

(9) a dated record and summary of any contact between the Department staff, the Board, and the Applicant or any Related Parties.

(c) **IRS Filings.** The Department shall mail to the Internal Revenue Service, not later than the 28th day of the second calendar month after the close of each calendar year during which the Department makes Housing Credit Allocations, the original of each completed (as to Part I) IRS Form 8609, a copy of which was mailed or delivered by the Department to a Development Owner during such calendar year, along with a single completed IRS Form 8610, Annual ~~Low Income~~Low-income Housing Credit Agencies Report. When a Carryover Allocation is made by the Department, a copy of the Carryover Allocation Agreement will be mailed or delivered to the Development Owner by the Department in the year in which the building(s) is placed in service, and thereafter the original will be mailed to the Internal Revenue Service in the time sequence in this subsection. The original of the Carryover Allocation Document will be filed by the Department with IRS Form 8610 for the year in which the allocation is made. The original of all executed Agreement and Election Statements shall be filed by the Department with the Department's IRS Form 8610 for the year a Housing Credit Allocation is made as provided in this section. The Department shall be authorized to vary from the requirements of this section to the extent required to adapt to changes in IRS requirements.

§~~49.~~50.20. Program Fees;~~,~~ Refunds;~~,~~ Public Information Requests;~~,~~ Adjustments~~Amendments~~ of Fees and Notification of Fees;~~,~~ Extensions; Penalties.

(a) **Timely Payment of Fees.** All fees must be paid as stated in this section. Any fees, as further described in this section, that are not timely paid will cause an Applicant to be ineligible to apply for tax credits and additional tax credits and ineligible to submit extension requests, ownership changes and Application amendments. Payments made by check, for which insufficient funds are available, may cause the Application, commitment or allocation to be terminated.

(b) **Pre-Application Fee.** Each Applicant that submits a Pre-Application shall submit to the Department, along with such Pre-Application, a non refundable Pre-Application fee, in the amount of $10 per Unit. Units for the calculation of the Pre-Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Pre-Applications without the specified Pre-Application Fee in the form of a check will not be accepted. Pre-Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Pre-Application fee. (General Appropriation Act, Article VII, Rider 7; 2306.6716(d))

(c) **Application Fee.** Each Applicant that submits an Application shall submit to the Department, along with such Application, an Application fee. For Applicants having submitted a Pre-Application which met Pre-Application Threshold and for which a Pre-Application fee was paid, the Application fee will be $20 per Unit. For Applicants not having submitted a Pre-Application, the Application fee will be $30 per Unit. Units for the calculation of the Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Applications without the specified Application Fee in the form of a check will not be accepted. Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Application fee. (General Appropriation Act, Article VII, Rider 7; 2306.6716(d))~~(2306.6716(d))~~

(d) **Refunds of Pre-Application or Application Fees.** (2306.6716(c)) The Department shall refund the balance of any fees collected for a Pre-Application or Application that is withdrawn by the Applicant or that is not fully processed by the Department. The amount of refund on Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute

20~~30~~% of the review, the site visit will constitute ~~45~~20% of the review, Eligibility and Selection review will constitute 20%, and Threshold ~~and Selection~~ review will constitute ~~25~~20% of the review, and underwriting review will constitute 20%. The Department must provide the refund to the Applicant not later than the 30th day after the date the last official action is taken with respect to the Application.

(e) **Third Party Underwriting Fee.** Applicants will be notified in writing prior to the evaluation of a Development by an independent external underwriter in accordance with §~~49.~~50.9(d)(6) of this title if such a review is required. The fee must be received by the Department prior to the engagement of the underwriter. The fees paid by the Development Owner to the Department for the external underwriting will be credited against the commitment fee established in subsection (f) of this section, in the event that a Commitment Notice or Determination Notice is issued by the Department to the Development Owner.

(f) **Commitment or Determination Notice Fee**. Each Development Owner that receives a Commitment Notice or Determination Notice shall submit to the Department, not later than the expiration date on the commitment notice, a non-refundable commitment fee equal to 5% of the annual Housing Credit Allocation amount. The commitment fee shall be paid by check.

(g) **Compliance Monitoring Fee**. Upon receipt of the cost certification, the Department will invoice the Development Owner for compliance monitoring fees. The amount due will equal $40 per tax credit unit. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of for~~ro~~m 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the beginning month of the compliance period.

(h) **Building Inspection Fee**. The Building Inspection Fee must be paid at the time the Commitment Fee is paid. The Building Inspection Fee for all Developments is $750. Inspection fees in excess of $750 may be charged to the Development Owner not to exceed an additional $250 per Development. Developments receiving financing through TX-USDA-RHS that will not have construction inspections performed through the Department will be exempt from the payment of an inspection fee.

(i) ~~**Tax Exempt**~~**Tax-Exempt Bond Credit Increase Request Fee.** As further described in §~~49.~~50.12~~(d)~~ of this title, requests for increases to the credit amounts to be issued on IRS Forms 8609 for ~~Tax Exempt~~Tax-Exempt Bond Developments must be submitted with a request fee equal to one percent of the first year's credit amount.

(j) **Public Information Requests**. Public information requests are processed by the Department in accordance with the provisions of the Government Code, Chapter 552. The Department uses the guidelines promulgated by The Texas Building and Procurement Commission ~~(formerly General Services Commission)~~ to determine~~s~~ the cost of copying, and other costs of production.

(k) **Periodic Adjustment of Fees by the Department and Notification of Fees**. (2306.6716(b)) All fees charged by the Department in the administration of the tax credit program will be revised by the Department from time to time as necessary to ensure that such fees compensate the Department for its administrative costs and expenses. The Department shall publish each year an updated schedule of Application fees that specifies the amount to be charged at each stage of the Application process. Unless otherwise determined by the Department, all revised fees shall apply to all Applications in process and all Developments in operation at the time of such revisions.

(l) **Extension and Amendment Requests**. All extension requests relating to the Commitment Notice, Carryover, Documentation for 10% Test, Substantial Construction Commencement, Placed in Service or Cost Certification requirements and amendment requests shall be submitted to the Department in writing and be accompanied by a non-refundable extension fee in the form of a check in the amount of $2,500. Such requests must be submitted to the Department no later than the date for which an extension is being requested. For extensions which require Board approval, the extension request must be received by the Department at least 15 business days prior to the Board meeting where the extension will be considered. ~~and will not be accepted any later than this deadline date~~. The extension request shall specify a requested extension date and the reason why such an extension is required. Carryover extension requests shall not request an extended deadline later than December 1st of the year the Commitment Notice was issued. The Department, in its sole discretion, may consider and grant such extension requests for all items. If an extension is required at Cost Certification, the fee of $2,500 must be received by the Department to qualify for issuance of Forms 8609. Amendment requests must be submitted consistent with §50.17(d) of this title. The Board may waive related fees for good cause.

(m) **Penalties.** Development Owners who have more tax credits allocated to them than they can substantiate through Cost Certification will return those excess tax credits prior to issuance of 8609's. For non tax-exempt bond funded developments, a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.

§~~49.~~50.21. Manner and Place of Filing All Required Documentation.

(a) All Applications, letters, documents, or other papers filed with the Department must be received only between the hours of 8:00 a.m. and 5:00 p.m. on any day which is not a Saturday, Sunday or a holiday established by law for state employees.

(b) All notices, information, correspondence and other communications under this title shall be deemed to be duly given if delivered or sent and effective in accordance with this subsection. Such correspondence must reference that the subject matter is pursuant to the Tax Credit Program and must be addressed to the Housing Tax Credit Program, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, TX 78711-3941 or for hand delivery or courier to 507 Sabine, Suite 400, Austin, Texas 78701 or more current address of the Department as released on the Department's website. Every such correspondence required or contemplated by this title to be given, delivered or sent by any party may be delivered in person or may be sent by courier, telecopy, express mail, telex, telegraph or postage prepaid certified or registered air mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this subsection. Regardless of method of delivery, documents must be received by the Department no later than 5:00 p.m. for the given deadline date. Notice by courier, express mail, certified mail, or registered mail will be considered received on the date it is officially recorded as delivered by return receipt or equivalent. Notice by telex or telegraph will be deemed given at the time it is recorded by the carrier in the ordinary course of business as having been delivered, but in any event not later than one business day after dispatch. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the Department.

(c) If required by the Department, Development Owners must comply with all requirements to use the Department's web site to provide necessary data to the Department.

§~~49.~~50.22. Waiver and Amendment of Rules.

(a) The Board, in its discretion, may waive any one or more of these Rules if the Board finds that 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.

(b) The Department may amend this chapter and the Rules contained herein at any time in accordance with the Government Code, Chapter 2001.

§~~49.~~50.23. Deadlines for Allocation of Housing Tax Credits. (2306.6724)

(a) Not later than September 30 of each year, the Department shall prepare and submit to the Board for adoption the draft QAP required by federal law for use by the Department in setting criteria and priorities for the allocation of tax credits under the Housing Tax Credit program.

(b) The Board shall adopt and submit to the Governor the QAP not later than November 15 of each year.

(c) The Governor shall approve, reject, or modify and approve the QAP not later than December 1 of each year. (2306.67022)(§42(m)(1))

(d) The Board shall annually adopt a manual, corresponding to the QAP, to provide information on how to apply for housing tax credits.

(e) Applications for Housing Tax Credits to be issued a Commitment Notice during the Application Round in a calendar year must be submitted to the Department not later than March 1.

(f) The Board shall review the recommendations of Department staff regarding Applications and shall issue a list of approved Applications each year in accordance with the Qualified Allocation Plan not later than June 30.

(g) The Board shall approve final commitments for allocations of housing tax credits each year in accordance with the Qualified Allocation Plan not later than July 31, unless unforeseen circumstances prohibit action by that date. In any event, the Board shall approve final commitments for allocations of housing tax credits each year in accordance with the Qualified Allocation Plan not later than September 30. Department staff will subsequently issue Commitment Notices based on the Board's approval. Final commitments may be conditioned on various factors approved by the Board, including resolution of contested matters in litigation.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Final HOME Investment Partnerships Program Rule.

Required Action

Repeal of 2005 HOME Rule and Adoption of 2006 HOME Rule, Title 10 Texas Administrative Code, Part 1, Chapter 53.

Background

On September 2, 2005, the proposed 2006 HOME Investment Partnership Program (HOME) rules were published in the *Texas Register*. In addition to publishing the document in the *Texas Register*, a copy of the HOME Rule was published on the Department's web site and was made available to the public upon request. The Department held thirteen public hearings across the state to gather feedback on the proposed HOME Rule. The comment period ended on October 7, 2005.

The Department received the majority of comments through public hearings and in writing. The following summary provides the Department's response to all comments received. The comments and responses are summarized below by HOME Rule section, if applicable. Each HOME Rule section has numerical references in parentheses that correspond to the individual or entity that made the comment(s). The list that identifies the entity associated with each number is found in Appendix A.

Comments on Rules

§53.53(k) Applicant Requirements (17, 18, 19, 20, 21), Page 9 of 23

Several localities request that the value of services provided by third-party organizations, including contractors and consultants that go beyond their contractual duties, be considered as eligible match thereby expanding the sources and amounts of matching funds available to smaller, poorer communities.

Staff Response: The proposed addition to the rule, §53.53(k), is intended to clarify the federal match and conflict of interest requirements of the HOME Program. The new language does not exclude third-party organizations, such as contractors, consultants, or service providers from providing match as long as the third-party organization is not deriving a monetary benefit from the award. Given that a conflict of interest and/or a monetary benefit may arise from an organization under contract from an award, such procured and/or contractually bound organizations are strictly prohibited from providing match. Additionally, a third-party organization may not provide a portion of their services as match and still derive a monetary benefit from the award. It is important to note that any party providing matching contributions cannot bid or be procured through a selection process by the Administrator of a contract, as this would be considered a conflict of interest and in violation of program rules. Staff believes this new language benefits all applicants and stakeholders, by clarifying the Department's definition and application of the federal rules. No new changes are recommended.

§53.55. Program Activities (3, 7, 15), Page 10 and 11 of 23

A request was made asking that the rules governing Tenant Based Rental Assistance (TBRA) be changed to provide for "transfer of vouchers" in times of crisis like the recent hurricanes.

Staff Response: HOME TBRA assistance is portable; the assistance moves with the household. If the household no longer wishes to rent a particular unit, the household may take its assistance and move to another approved rental unit within the Administrator's service area.

In times of natural disasters, the Department may have the ability to consider policy changes to utilize funds in impacted areas. The Department is in the process of seeking waivers from the U.S. Department of Housing and Urban Development (HUD) and is exploring all funding options to better assist displaced households. No change is recommended.

§53.57. Distribution of Funds (4, 16), Page 12 and 13 of 23

A request was made to increase the administrative fees for program Administrators.

Staff Response: Staff believes that 4% of the project funds awarded as administrative dollars is sufficient to execute a HOME Single Family contract. In addition to administrative fees, Administrators may access the applicable activity soft costs to assist in administering the Program. Given that soft costs are not eligible to TBRA Administrators, the Department is reviewing the percentage of administrative dollars awarded to this activity. The Department works to provide other forms of assistance to nonprofit administrators, including Capacity Building and CHDO Operating Expenses. No change is recommended.

§53.60. General Selection Criteria (17, 18, 19, 20, 21), Page 17 of 23

Several localities expressed the desire that Cash Reserves/Bridge Loans not be considered as a scoring criterion in future Single Family HOME Applications, claiming they are never truly utilized by grantees, it is not a HUD requirement, and it places an undue hardship on smaller, poorer communities.

Staff Response: Staff annually reviews, and when necessary revises, the various scoring components used to award funding. Staff will consider the necessity of each scoring item when we evaluate the 2006 Single Family HOME Application. No change is recommended for the rule.

General: Provision of Information and Training (1)

A comment was made regarding the administration of the HOME Program. The commenter noted that the Department's website does not provide sufficient information to applicants regarding local Participating Jurisdictions and program requirements and that Department staff, HUD and local officials provide conflicting information in that regard. Comment does request that additional HOME training be provided for rental development applicants.

Staff Response: Staff modifies and updates the Department's website, as necessary. Information on Participating Jurisdictions is available on the website under the 2005 HOME

Funding Cycle. It is staff's desire for the website to be as useful as possible, and we will reevaluate the information currently available and further elaborate and/or clarify the information presented. The Department also plans to update its training materials and provide quarterly trainings for HOME rental applicants. No change is recommended to the rule.

General: Open Cycles(2)

A comment was made on the use of HOME funds as a supplementary funding source to private activity bond (PAB) financed developments. It was noted that the timing of application processes between PAB and HOME applications creates limitations in terms of filing applications and closings. It was also noted that both programs should continue to be open cycles, and that the Department consider extending the HOME application cycle to a full year, rather than having a closed period.

Staff Response: Staff is supportive of finding new ways to layer HOME funds with the Department's other financing tools for at least several months a year. However, closing the HOME rental development cycle is necessary for planning and evaluative purposes for at least a limited period. No change is recommended to the rule.

General : Public Transportation (3, 15)

Speakers requested that TBRA activities consider the location of public transportation as a selection item, especially when serving special needs populations. Speakers also requested that the Department reconsider funding TBRA in Participating Jurisdictions.

Staff Response: The Department allows an applicant receiving TBRA assistance the right to choose a dwelling of his or her choice given it meets all applicable codes and standards. The Department feels it is vital that an individual's needs be met, and that all housing options with viable supportive services are available for an individual to rent.

Additionally, at the time of application submission, a Contract Administrator does not know which clients will be assisted, or the dwellings they would choose upon receiving rental assistance. It would not be prudent to make transportation a scoring criterion given this unknown.

In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5% of its HOME allocation to be awarded to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an oversubscription rate in the 2004 and 2005 application cycles for single family activities, TDHCA will no longer fund single family activity applications in PJ areas. No change is recommended to the rule.

General: Increase in Owner Occupied Rehabilitation (OCC) Per Unit Subsidy (6)

Speaker requested the Department to consider an increase in the per-unit maximum in the Owner Occupied Rehabilitation program to $65,000 or $70,000. Speaker noted that construction materials are increasing rapidly and that the current level of subsidy is not sufficient.

Staff Response: The Department is currently considering revisions to the per unit maximum in the Owner Occupied Housing Assistance activity based on research being conducted on construction and material costs across the state. Any changes will be made through the Department's HOME Program Guidelines. No change is recommended to the rule.

General: TBRA Voucher Duration (7)

Speaker commented that the duration of a TBRA voucher is not long enough to assist a household in becoming self-sufficient or receiving Section 8 assistance.

Staff Response: In accordance with the HOME federal program rules, TBRA may only be a source of temporary housing assistance. The Department currently allows an individual to receive up to 24 months of rental assistance under a Contract Administrator's TBRA contract. The term of 24 months of assistance is a federally mandated timeline. The Department feels this is a sufficient amount of time to find more permanent housing and complete a self-sufficiency program required when receiving TBRA assistance.

Contract Administrators have the option of reapplying for TBRA funds, and have the ability to serve the same household for an additional 24months. It should be noted that TBRA funds are highly competitive, and a Contract Administrator should never rely on receiving an award. No change is recommended to the rule.

General: Match Requirements (5, 13, 14, 17, 18, 19, 20, 21)

Comment was received on match requirements for Administrators. Commenters noted that nonprofits and smaller entities are placed at a disadvantage in competitive programs because of the current match requirement in Single Family HOME programs.

Staff Response: Each year, HUD determines if a state is economically distressed, and reduces the match requirement for these states. Texas has historically been classified as an economically distressed state and is only required to report 12.5%, rather than 25%, of the annual allocation in matching funds. The Department realizes the difficulty for any applicant to provide matching funds, much less the smaller, less prosperous municipalities and nonprofits. The Department understands match is a sensitive issue. The Department is actively taking measures to ensure a level playing field exists. The Department has strived in years past to remedy the possible inequities and is currently in the process of reviewing these scoring criteria for the 2006 Single Family HOME Funding Cycle. No change is recommended to the rule.

General: Regional Allocation of Community Housing Development Organization (CHDO) Funds (9, 11)

Speakers requested that the HOME CHDO program consider regionally allocating funds to ensure that rural regions are equally represented in funding awards.

Staff Response: The Department finds that regionally allocating funding through the HOME CHDO program will limit its effectiveness and reduce our ability to fully allocate these funds. Applicants are welcome to apply for funding through the open cycle process, which allows for small rural applicants to respond to development opportunities within their communities. It should be noted that the Department is limited by state statute from awarding HOME funds to local Participating Jurisdictions, which are predominately urban areas. The CHDO NOFA has also been under subscribed for the past two years, and the Department is working hard to find qualified applicants for this program. No change is recommended to the rule.

Based on the above comments, no change to the rule is proposed. The rule attached for adoption is identical to the rule taken out for public comment. All black lining reflects the revisions originally proposed to the rule prior to it release for comment.

Appendix A – Collected Public Comments on the HOME Rule

Reference #	Contact	Organization
1	Chew Guan	Churchill Residential
2	Tony Sisk	Churchill Residential
3	Judy Telge	Ability Resources Inc.
4	Marta Soto Mayor	Latino Education Project
5	Rudy Cantu	Nueces County Community Action Agency
6	Judy Langford	Langford Community Management Services
7	Viola Monrreal	Accessible Communities, Inc.
8	Rudy Cantu	Nueces County Community Action Agency
9	Sylvester Cantu	City of Midland
10	David Diaz	Midland CDC
11	Paul Pryor	Big Spring Housing Authority
12	Stephen Harvey	Heart of Central Texas
13	Jim Vann	Ramond K. Vann and Associates
14	Ron Duncan	City of Crockett
15	Monique Carle	Accessible Communities, Inc.
16	Paul Martinez	Webb County Self-Help Center
17	Wesley Jacobs	Mayor- City of Falurrias
18	Sandra Terry	Mayor – City of Toyah
19	Billy Whillem	Mayor- City of Goldsmith
20	Al Jamison	Colorado County Judge
21	Greg Westmoreland	Matagorda County Judge

2006 Draft HOME Investment Partnership Program (HOME) Rule
Title 10, Part 1, Chapter 53 Texas Administrative Code

Table of Contents

§53.50. ~~Scope~~Purpose

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State's HOME Program is designed to:

(1) focus on the areas with the greatest housing need described in the State Consolidated Plan;

(2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;

(3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and

(4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.

~~The rules in this chapter apply to the use and distribution of HOME Investment Partnerships Program (HOME) funds. The United States Department of Housing and Urban Development (HUD) provides HOME funds to the State pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State's HOME Program is designed to:~~

~~(1) expend at least 95% of the funds received for the benefit of non-participating small cities and rural areas that do not receive HOME funds directly from HUD.~~

~~(2) focus on the areas with the greatest housing need described in the State Consolidated Plan;~~

~~(3) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;~~

~~(4) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and~~

~~(5) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.~~

§53.51.__Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.

(2) Administrative Deficiencies--The absence of information or a document from the application ~~which is important to a review and scoring of the application~~ as required in this rule.

(3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.

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

(5) CFR--Code of Federal Regulations.

(6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state 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.

(7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.

(8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.

(9) Competitive Application Cycle--~~A Notice of Funding Availability that has a fixed deadline by which applications must be submitted.~~ <u>A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA).</u> Applications will be

reviewed ~~for threshold and scoring criteria~~ in accordance with the rules for application review published in the NOFA, and application guidelines.

(10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.

(11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.

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

(13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.

(15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:

(A) A family with or without children;

(B) An elderly family;

(C) A near elderly family;

(D) A disabled family;

(E) A displaced family;

(F) The remaining member of a tenant family; ~~and~~or

(G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.

(16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.

(17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.

(18) Household--One or more persons occupying a housing unit.

(19) HUD--The United States Department of Housing and Urban Development, or its successor.

(20) IDIS--Integrated Disbursement and Information System established by HUD.

(21) Income Eligible Families:

(A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.

(C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) have separate and specific buildings exclusively for the age restricted units;

(B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;

(C) have separate and specific entrances, and other appropriate security measures for the age restricted units ;

(D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) share the same Development site;

(F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) meet the requirements of the federal Fair Housing Act

~~(22)~~(23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.

(24) Neighborhood--As defined by HUD, 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; except that if the unit of 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.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

~~(23)~~(26) NOFA--Notice of Funding Availability, published in the *Texas Register*.

~~(24)~~(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; ~~and~~

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

~~(25)~~(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. ~~A Notice of Funding Availability that does not have a fixed deadline by which applications must be submitted.~~ Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

~~(26)~~(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

~~(27)~~(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department 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;

(C) Predevelopment costs do not include general operational or administrative costs.

~~(28)~~(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

~~(29)~~(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

~~(30)~~(34) 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 are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

~~(31)~~(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

~~(32)~~(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

~~(33)~~(39) Rural ~~Area~~Development--A ~~project~~ Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

~~(34)~~(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

~~(35)~~(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

~~(36)~~(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

~~(37)~~(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

~~(38)~~(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

~~(39)~~(45) Unit of General Local Government--A city, town, county, or other general purpose political subdivision of the State; a consortium of such subdivisions recognized by HUD in accordance with 24 CFR 92.101 and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction. An urban county is considered a unit of general local government under the HOME Program.

§53.52. Allocation of Funds

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set

aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b)The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

~~§53.52.~~§53.53. -Applicant Requirements.

(a) Eligible Applicant~~s~~. The following organizations or entities are eligible to apply for HOME eligible activities:

(1) nonprofit organizations;

(2) CHDOs;

(3) units of general local government;

(4) for-profit entities and sole proprietors; and

(5) public housing agencies.

(b) Ineligible Applicant~~s~~: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

(1) ~~P~~previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;

(2) a~~A~~pplicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);

(3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;

(4) a~~A~~pplicants that have been otherwise barred by HUD and/or the Department;

(5) a~~A~~pplicant or developer, or their staff, that violate the state's revolving door policy; ~~and~~ or

(6) a~~A~~pplicants that may be ineligible in accordance with those requirements at ~~§49.5~~§50.5 of this title, excluding those requirements at §§50.5(a)(5) – (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established under paragraphs (1) through (3) of this subsection. ~~§49.5~~§50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) ~~The~~ the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) ~~The~~the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication~~.~~ (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in ~~§49.6 of this title,~~ 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units ~~under all Development programs~~.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title~~resolve any previous audit findings, unless deemed irresolvable by the Department, and/or outstanding monetary obligations with the Department~~;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

(1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

(2) all neighborhood organizations whose defined boundaries include the location of the Development;

(3) executive officer and Board President of the school district that covers the location of the Development;

(4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

(5) the State Representative and State Senator whose district covers the location of the Development.

(6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.

(k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

~~§53.53.~~§53.54. Application Limitations.

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

(1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed $500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.

(2) Award amount for Development activities shall not exceed ~~$1.5~~$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.

(3) 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.

(4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.

(5) Award amount for Disaster Relief shall not exceed $500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed $500,000 per State declared disaster, or as may be otherwise allowed by the Board.

(6) Award amount for CHDO Predevelopment Loans may not exceed $50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

~~§53.54.~~§53.55. Program Activities.

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(a) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(b) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, ~~and~~ gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(c) Rental Housing Development: ~~All eligible applicants that satisfy the requirements of §53.52 of this title may develop affordable rental housing.~~ Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(d) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(e) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(f) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines ~~or application materials~~. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a ~~project~~ development that the Department determines are reasonably beyond the control of the CHDO.

(g) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

~~§53.55.~~§53.56. Prohibited Activities.

In accordance with 24 CFR 92.214, HOME funds may not be used to:

(1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;

(3) Provide non-federal matching contributions required under any other Federal program;

(4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);

(5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;

(6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under §92.250;

(7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;

(8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or

(9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

~~(1) provide a project reserve account for replacements or increases in operating costs, or operating subsidies;~~

~~(2) provide TBRA for existing Section 8 Programs;~~

~~(3) provide non-federal matching contributions for other programs;~~

~~(4) provide assistance to Public Housing Agency owned or leased projects;~~

~~(5) carry out Public Housing Modernization;~~

~~(6) provide pre-payment of low-income housing mortgages under 24 CFR Part 248;~~

~~(7) provide assistance to a project previously assisted with HOME funds during the period of affordability;~~

~~(8) provide funds to reimburse an Applicant for acquisition costs for a property already owned by the Applicant, and~~

~~(9) pay for any cost that is not eligible under 24 CFR 92.206-92.209.~~

~~(10) pay delinquent taxes, fees or charges on properties to be assisted with HOME funds.~~

~~§53.56.~~§53.57. Distribution of Funds.

In accordance with 24 CFR 92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. §2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

(1) CHDO Set-Aside. In accordance with 24 CFR 92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. 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 an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.

(2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan~~: Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance~~. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.

(3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.

(4) Administrative Funds. In accordance with 24 CFR 92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR 92.208 up to 5% 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 Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

~~**§53.57.Allocation Plan.**~~

~~The allocation plan created by the Department will be based on the funding allocation outlined in the Department's Consolidated Plan, after a full accounting of available funds has been determined.~~

§53.58. Application Process.

(a) An Applicant 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 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 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner~~.~~:

(1) 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. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) 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) of 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.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into Phase Two and will continue to be prioritized by their received date. Applications with deficiencies not cured within ~~ten~~seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within ~~ten~~seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within ~~ten~~seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for ~~final approval before~~ recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. ~~Alternative Dispute Resolution Policy.~~ In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator ~~(fax: (512) 475-3978)~~. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

§53.59~~60~~. Process for Awards.

(a) The Department will publish a NOFA in the *Texas Register* and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Applications are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis.

(3) Applications must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding.

(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.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) ~~Rental~~ Housing Development~~s~~ activities will undergo a review in accordance with ~~the rules~~ §53.58 of this title governing open and competitive application cycles, as appropriate, ~~set out previously in this section~~ and as prescribed in the NOFA, and application guidelines.

~~(3) Single Family Housing Developments will undergo a review as follows:~~

~~(A) Applicants that meet or exceed a minimum score, as determined by Department's staff, of] the total HOME Program scoring points established for each Development Activity to be considered for funding. Applicants not meeting or exceeding the minimum score established in the subparagraph of this paragraph are disqualified and are notified in writing. Development applications are ranked from highest to lowest scores according to HOME Program scores on a statewide basis.~~

~~(B) Applications meeting the HOME Program requirements established in subparagraph (A) of this paragraph must receive an underwriting analysis by the Department.~~

(4) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(5) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(6) Each Development application will be notified of its 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 web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(7) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(8) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(9) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

§53.60~~61~~. General Selection Criteria.

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.

(2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

(3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department's underwriting standards for development activities and as outlined in the NOFA and application guidelines ~~or application materials for non-development activities~~. The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

§53.61~~62~~. Program Administration.

(a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.

(b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; and

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.

(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.

(c) Deobligation.

(1) The Department reserves the right to deobligate funds in the following situations:

(A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;~~.~~

(B) Recipient fails to set-up programs/projects or expend funds in a timely manner;~~.~~

(C) Recipient defaults on any agreement by and between Recipient and the Department;~~.~~

(D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;~~.~~

(E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;~~.~~

(F) Recipient is not in compliance with 24 CFR Part 92, or these rules;~~.~~

(G) Recipient declines funds; or~~.~~

(H) Recipient fails to expend all funds awarded.

(2) 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.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

§53.62~~3~~. Community Housing Development Organization (CHDO) Certification.

(a) Definitions and Terms. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

~~(7) 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; except that if the unit of 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.~~

~~(8) Nonprofit organization--Any private, nonprofit organization (including a State or locally chartered, nonprofit organization) that:~~

~~(A) is organized under State or local laws,~~

~~(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual,~~

~~(C) complies with standards of financial accountability acceptable to the Secretary of the United States Department of Housing and Urban Development, and~~

~~(D) has among its purposes significant activities related to the provision of decent housing that is affordable to low-income and moderate-income persons.~~

(9) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department~~,~~;

(ii) certification from a Certified Public Accountant~~,~~; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds~~,~~; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community;~~,~~ or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation~~,~~;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized~~,~~; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;~~,~~

(ii) Resolution;~~,~~ or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;~~.~~

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;~~.~~

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official~~.~~;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and ~~.~~

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws~~,~~;

(II) Charter;~~,~~ or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;~~,~~

(ii) Charter;~~,~~ or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws~~,~~; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;~~.~~

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;~~.~~

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;~~.~~

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter;~~,~~ or

(iii) Articles of Incorporation.

(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2)~~§53.56~~ of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Adoption of Final Housing Trust Fund Rules.

Required Action

Repeal of 2005 Housing Trust Fund Rules and Adoption of the 2006 Final Housing Trust Fund Rules, Title 10 Texas Administrative Code, Part 1, Chapter 51.

Background

On September 2, 2005, the proposed 2006 Housing Trust Fund Rules (HTF Rules) were published in the *Texas Register*. In addition to publishing the document in the *Texas Register*, a copy of the HTF Rule was published on the Department's web site and was made available to the public upon request. The Department held thirteen public hearings across the state to gather feedback on the proposed HTF Rule. The comment period ended on October 7, 2005.

The Department received the majority of comments through public hearings. The following summary provides the Department's response to all comments received. The comments and responses are summarized below by rule section if applicable. Each section has numerical references in parentheses that correspond to the individual or entity that made the comment(s). The list that identifies the entity associated with each number is found in Appendix A.

Comments on HTF Rules

General: Capacity Building Program (2, 3)

Speakers noted that the current program guidelines for Capacity Building are focused too much on development related activities, instead of acting to bridge the administrative and technical capacity needs for nonprofits. The program should have stronger performance outcome measure tracking so that progress can be shown in a qualitative manner, instead of through unit production. Match requirements in this year's program made it difficult for smaller communities to compete in the program.

Staff Response: The Department is committed to ensuring that Housing Trust Funds are utilized to maximize the benefit to the citizens of Texas and our applicants. The Capacity Building program will continue to seek new ways to assist developing nonprofits, while at the same time utilizing this limited resource to have a measurable impact. No change is recommended.

§51.7 Criteria for Funding (1), Pages 11 and 12 of 14

A comment was made regarding the percentage of funding from HTF to be spent in rural areas. The respondent was concerned that rural communities were not able to compete against urban areas in competitive application rounds for Housing Trust Funds.

Staff Response: Staff continues to find ways to support rural development activities. The Department's statutory requirements ensure that funding is available to rural applicants in each of the 13 state service regions. It should be noted that the Department's HOME funds are targeted almost exclusively to rural areas, and provide a significant funding source for nonprofits, for profits and local governments. No change is recommended.

Based on the above comments, no change to the rule is proposed. The rule attached for adoption is identical to the rule taken out for public comment. All black lining reflects the revisions originally proposed to the rule prior to it release for comment.

Appendix A – Collected Public Comments on the HTF Rule

Reference #	Contact	Organization
1	Paul Pryor	Crossroads Housing Development Corp.
2	Marta Soto Mayor	Latino Education Project
3	Judy Telge	Accessible Communities Inc.

2006 Draft HOUSING TRUST FUND RULE

TITLE 10, PART 1, CHAPTER 51 TEXAS ADMINISTRATIVE CODE

§51.1. Purpose.

This Chapter clarifies the use and administration of the Housing Trust Fund. ~~The fund is created pursuant to Texas Government Code 2306.201.~~ The Department shall use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations, income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. The fund is created pursuant to §2306.201 of the Texas Government Code. Pursuant to §2306.202 of the Texas Government Code, the use of the Housing Trust Fund is limited to providing:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income;

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; and

(4) subject to the limitations in §2306.251(c) of the Texas Government Code, the Department may also use the fund to acquire property to endow the fund.

~~§51.2. Program Goals and Objectives.~~

~~Use of the Housing Trust Fund is limited to providing:~~

~~(1) assistance for individuals and families of low, very low income and extremely low income;~~

~~(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low, very low income and extremely low income; and~~

~~(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low, very low income and extremely low income.~~

~~§51.3.~~§51.2 Definitions.

The following words and terms, when used in this part, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Administrative Deficiencies--The absence of information or a document from the Application which is important to a review and scoring of the Application as required in this rule, and the Notice of Funding Availability (NOFA).

(2) Applicant--An eligible entity which is preparing to submit or has submitted an application for Housing Trust Fund assistance and is assuming contractual liability and legal responsibility by executing the written agreement with the Department.

(3) Board--The governing board of the Department.

(4) Capacity Building--Educational and organizational support assistance to promote the ability of community housing development organizations and nonprofit organizations to maintain, rehabilitate and construct housing for low, very low, and extremely low-income persons and families. This activity may include:

(A) organizational support to cover expenses for housing development or management related training, technical and other assistance to the board of directors, staff, and members of the nonprofit organizations or community housing development organizations;

(B) technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services; or

(C) studies and analyses of housing needs.

(5) Community Housing Development Organizations (CHDO)--A nonprofit organization that satisfies the requirements of § 53.63 of this title.

(6) Competitive Application Cycle--~~A Notice of Funding Availability that has a fixed deadline by which applications must be submitted.~~ A competition for funding during a defined period when applications may be submitted in response to a NOFA. Applications will be reviewed and scored ~~for threshold and scoring criteria~~ in accordance with the rules for application review published in the ~~Notice of Funding Availability (NOFA)~~NOFA, and application guidelines.

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

(8) Eligible Applicants--Local units of government, public housing authorities, community housing development organizations, nonprofit organizations, ~~for profit~~ for-profit entities, and persons and families of low, very low, and extremely low income.

(9) Extremely ~~Low Income~~Low-Income Persons and Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(10) Housing Development Costs--The total of all costs incurred, or to be incurred, by the Development Owner in acquiring, constructing, rehabilitating and financing a Development as determined by the Department based on the information contained in the Application~~Applicant's application~~. Such costs include reserves and any expenses attributable to commercial areas.

(11) Housing Development--Any real or personal property, project, building, structure, facilities, work, or undertaking, whether existing, new construction, remodeling, improvement, or

rehabilitation, which meets or is designed to meet minimum property standards consistent with those prescribed in the Housing Trust Fund Property Standards, found in the Program Guidelines, for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low, very low, and extremely low income, and persons with special needs. The term may include buildings, structures, land, equipment, facilities, or other real or personal properties which 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.

(12) HUD--The United States Department of Housing and Urban Development, or its successor.

(13) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) have separate and specific buildings exclusively for the age restricted units;

(B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;

(C) have separate and specific entrances, and other appropriate security measures for the age restricted units;

(D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) share the same Development site;

(F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) meet the requirements of the federal Fair Housing Act.

~~(13)~~(14) Local Units of Government--A county; an incorporated municipality; a special district; a council of governments; any other legally constituted political subdivision of the state; a public, nonprofit housing finance corporation created under the Local Government Code, Chapter 394; or a combination of any of the entities described here.

~~(14)~~(15) Low-Income Persons and Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(16) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

~~(15)~~(17) Nonprofit Organization--Any public or private, nonprofit organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; ~~and~~

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement.

~~(16)~~ (18) NOFA--Notice of Funding Availability, published in the *Texas Register*.

~~(17)~~(19) Open Application Cycle-- A defined period during which applications may be submitted in response to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed.~~A Notice of Funding Availability that does not have a fixed deadline by which applications must be submitted.~~ Applications will be reviewed in accordance with the rules for application review published in the NOFA and application guidelines.

~~(18)~~(20) Person with Special Needs--

(A) persons with disabilities, persons with alcohol or other drug addictions, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in Colonias, and migrant farm workers, any of whom also meets the income guidelines of a person of low, very low or extremely low income.

(B) Housing Trust Funds may also be awarded through persons legally responsible for caring for an individual described by subparagraph (A.) of this paragraph.

~~(19)~~(21) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department 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; and~~.~~

(C) Predevelopment costs do not include general operational or administrative costs.

~~(20)~~(22) Public Agency--A branch of National, State or Local Government.

~~(21)~~(23) Public Housing Authority--A housing authority established under the Texas Local Government Code, Chapter 392.

~~(22)~~(24) Recipient--Community housing development organization, nonprofit organization, for-profit entity, local unit of government, or public housing authority that is approved by the Department to receive and administer housing trust funds in accordance with these rules.

(25) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of project commitment. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(26) Rehabilitation--The alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a newly constructed foundation. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

~~(23)~~(27) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

~~(24)~~(28) Rural Development~~Project~~-- A proposed Development located in an area that is ~~An area that is located~~:

(A) outside the boundaries of a Primary Metropolitan Statistical Area (PMSA)~~PMSA~~ or Metropolitan Statistical Area (MSA)~~MSA~~; or

(B) within the boundaries of a PMSA or MSA area, if the statistical area has a population of ~~not more than~~ 20,000, or less and does not share ~~boundaries~~ a boundary with an urban ~~urbanized~~ area; or

(C) in an area that is eligible for new construction or rehabilitation funding by TX-USDA-RHS.

~~(25)~~(29) State--The State of Texas.

~~(26)~~(30) Statute--Texas Government Code 2306.

~~(27)~~(30) Very ~~low Income~~ Low-Income Persons and Families--Families whose annual incomes do not exceed 60% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

~~§51.4.~~§51.3. Allocation of Housing Trust Funds.

(a) Pursuant to §2306.201 of the Texas Government Code, the Housing Trust Fund is a fund administered by the Department, and placed with the Texas Treasury Safekeeping Trust Company.

(b) The fund consists of:

(1) appropriations or transfers made to the fund;

(2) unencumbered fund balances;

(3) public or private gifts or grants;

(4) investment income, including all interest, dividends, capital gains, or other income from the investment of any portion of the fund;

(5) repayments received on loans made from the fund; and

(6) funds from any other source

(c) Each biennium the first $2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least 45 percent of available funds in excess of the first $2.6 million shall be made available to nonprofit organizations The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities, pursuant to §2306.202 of the Texas Government Code.

~~(a)~~ (d) Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with § 2306.111(d) and (g), Texas Government Code.

~~(b)~~ (e) The Department shall require that applicants target at least 50% of those units served by ~~utilize its best efforts to target~~ housing trust funds ~~allocated each fiscal year to housing assistance for~~ to individuals and families earning less than 60% of median family income.

~~(c)~~ (f) Bond indenture requirements governing expenditure of bond proceeds deposited in the housing trust fund shall govern and prevail over all other allocation requirements established in this section. However, the Department shall distribute these funds in accordance with the requirements of this section to the extent possible.

(g) Housing Trust Funds may also be allocated to the Texas Bootstrap Loan Program and will be awarded in accordance with §2306.753 of the Texas Government Code.

~~§51.5.~~§51.4. Basic Eligible Activities.

The Department shall make grants and loans from the Housing Trust Fund to Eligible Applicants for purposes consistent with §51.2 of this title and §2306.202 of the Texas Government Code. Eligible program activities for the Housing Trust Fund include, but are not limited to:

(1) the acquisition, rehabilitation, and new construction of affordable rental housing. Refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible;

(2) the acquisition, rehabilitation, new construction of affordable homeownership developments. Developments may be completed by a contracted developer or through Self-Help Construction. Housing that is newly constructed or rehabilitated must meet all applicable local and state codes, rehabilitation standards, ordinances, zoning ordinances, §2306.514 of the Texas Government Code, and all additional standards or codes as specified in the application guide;

(3) tenant-based rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security and utility deposits for rental of dwelling units;

(4) predevelopment loans to nonprofit housing development organizations for eligible reimbursable costs associated with the planning and implementation of affordable housing activities;

(5) credit enhancements or security for repayment of revenue bonds issued to finance affordable housing; and

(6) technical assistance or other forms of capacity building to nonprofit housing developers.

~~The Department shall make grants and loans from the Housing Trust Fund to Eligible Applicants for purposes consistent with Section 51.2 of this title and Section 2306.202 of Texas Government Code. 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; and technical assistance or other forms of capacity building to nonprofit housing developers.~~

~~§51.6.~~§51.5. Ineligible Activities and Restrictions.

(a) Displacement of Existing Affordable Housing. Housing Trust Funds shall not be utilized on a development that has the effect of permanently displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses as permitted under Chapter 2306 of the Texas Government Code and this title.

(b) If a Housing Trust Fund recipient violates the permanent dislocation provision of this subsection, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established under paragraphs (1) through (3) of this subsection. Section 49.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) The communication must be restricted to technical or administrative matters directly affecting the Application;

(2) The communication must occur or be received on the premises of the Department during established business hours;

(3) ~~a~~A record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication~~.~~ (§2306.1113).

(d) Ineligible Applicants: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

(1) Previously funded recipient(s) whose Housing Trust Funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;

(2) Applicants who have not satisfied all threshold requirements described in this title, and the NOFA to which they are responding, and for which Administrative Deficiencies were unresolved;

(3) Applicants who have submitted incomplete applications;

(4) Applicants that have been otherwise barred by the Department;

(5) Applicant or ~~developer~~Developer, or their staff, who violate the state revolving door policy, Chapter 572 of the Texas Government Code; ~~and~~or

(6) Any applicant who would otherwise be considered ineligible under ~~§49.5~~§50.5 of this title, excluding those requirements at §§50.5(a)(5) – (8), (10) and (11) of this Title.

(e) The Department will not recommend an application for funding if it includes a principal who is or has been:

(1) Barred, suspended, or terminated from procurement in a state or federal program and listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs;

(2) The subject of enforcement action under state or federal securities law, or is the subject of an enforcement proceeding with a state or federal agency or another governmental entity;

(3) If the applicant has unresolved compliance or audit findings related to previous or current funding agreements with the Department; or

(4) Has breached a contract with a public agency.

(f) Material Noncompliance. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, will be terminated.

(g) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in ~~§49.6 of this title~~ Chapter 2306 of the Texas Government Code and any additional items included in the NOFA for rental housing developments.

(h) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 ~~Units~~ units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units ~~under all Development programs~~.

~~§51.7.~~§51.6. Application Procedure and Requirements.

(a) In distributing funds, the Department will release a NOFA and/or request for proposals that identifies the uses of the available funds and the specific criteria that will be utilized in evaluating applicants.

(b) Applicants must submit a complete application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA. Applications containing false information will be disqualified. Applications submitted under a Competitive Application Cycle must be received by the application deadline or they will be disqualified. Disqualified Applicants will be notified in writing. All applications must be received by the Department by 5:00 p.m. regardless of method of delivery.

(c) Applications received by the Department in response to an Open Application Cycle NOFA for housing development activities will be handled in the following manner:~~.~~

(1) 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. All applications must be received during business hours and no later than 5:00 p.m. on any business day. The Department may limit the eligibility of applications in the NOFA.

(2) 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. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of 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.

(A) Phase One will begin as of the received date. Applications not being considered as CHDOs will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into Phase Two and will continue to be prioritized by their received date. Applications which do not resolve all deficiencies ~~ten~~seven business days will be retained in Phase One until all deficiencies have been addressed~~/~~ or resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of all application materials required under the NOFA and issue notice of any deficiencies on the application's satisfaction of threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications which do not resolve all deficiencies within ~~ten~~seven business days, will be retained in Phase Two until all deficiencies have been addressed or ~~/~~resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to Phase Three. Applications that have not left Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Department's Real Estate Analysis (REA) Division consistent with 10 TAC §1.32, Underwriting Rules and Guidelines. REA will draft an underwriting report that will identify staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within ~~ten~~seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within ~~ten~~seven business days, will be retained in Phase Three until Applicant resolves all deficiencies to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to the Department's Executive Award Review and Advisory Committee for final approval before recommendation to the Board. Any application that has not left Phase Three after 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of Phase Three, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as funds are still available for this activity under the applicable NOFA. If Phase Three is completed at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If Phase Three is completed with less than 14 days before the next Board meeting, the recommendation will be placed on the following month's Board meeting agenda.

(E) Because applications are prioritized by "received date," it is possible that the Department will expend all available funds before an application has been completely reviewed. If all funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new funds become available applications already under review will continue with their review without losing their received date status. If new funds do not become available within 90 days of the notification, the applicant will be notified that their application is no longer under consideration and in the event of future funding, they would be required to reapply. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds remain under the NOFA and that the application will not be processed.

(F) The Department may decline to consider any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. Beyond the use of the "received date", staff will make selections based upon the need for housing in the community where the development is located, the effectiveness with which the proposed use of funds would aid in continuing to provide affordable housing, the general feasibility of the proposed transaction, and the credibility of the applicant. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is in the Department's best interest to refrain from funding any application. The Department strives, through its terms, to maximize the return on its funds while ensuring the financial feasibility of a development. The Department reserves the right to negotiate individual elements of any application.

(d) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the

Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(e) Applications received by the Department in response to a Competitive Application Cycle NOFA for housing development activities will be handled in the following manner:~~.~~

(1) Threshold Evaluation. Applications submitted for Rental Housing Developments will be required to meet the ~~threshold criteria~~Threshold Criteria defined by the NOFA and any Threshold Criteria that may be applicable to the Housing Trust Fund as defined by Chapter 2306 of the Texas Government Code.

(2) Scoring Evaluation. For an Application to be scored, the Application must demonstrate that the Development meets all of the Threshold Criteria requirements. Applications that satisfy the Threshold Criteria will then be scored and ranked according to the ~~scoring criteria~~ Scoring Criteria identified in the NOFA.

(3) Financial Feasibility Evaluation. After the Application is scored, the Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate funding amount and terms. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title.

(f) All applications for housing development activities will be reviewed in the following manner~~;~~:

(1) A site visit will be conducted. Applicants must receive recommendation for approval from the Department to be considered for funding by the Board.

(2)~~ After,~~ Board approval for the award of Development activity funds is conditioned~~al~~ upon a completed loan closing and any other conditions deemed necessary by the Department.

(g) Applications other than Rental Housing Developments will be reviewed and evaluated in accordance with the NOFA for that activity.

(h) Applicants may appeal staff's decisions regarding their applications consistent with Section 1.7 of this title.

(i) Alternative Dispute Resolution Policy. ~~Alternative Dispute Resolution Policy.~~ In accordance with ~~Section~~ §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator~~ (fax: (512) 475-3978).~~ For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

(1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

(2) all neighborhood organizations whose defined boundaries include the location of the Development;

(3) executive officer and Board President of the school district that covers the location of the Development;

(4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

(5) the State Representative and State Senator whose district covers the location of the Development.

(6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.

~~§51.8.~~§51.7. Criteria for Funding.

(a) In considering applications for funding, the Department considers the following requirements under § 2306.203, Texas Government Code, and such others as may be enumerated during the funding cycle:

(1) Minimum Eligibility Criteria. To be considered for funding, an Applicant must first demonstrate that it meets each of the following threshold criteria:

(A) ~~The~~ the application is consistent with the requirements established in this rule and the NOFA~~.~~;

(B) ~~The~~ the applicant provides evidence of its ability to carry out the proposal in the areas of financing, acquiring, rehabilitating, developing or managing an affordable housing development; and~~.~~

(C) ~~The~~ the proposal addresses and identifies a housing need. This assessment will be based on statistical data, surveys and other indicators of need as appropriate.

(2) Evaluation Factors. Pursuant to §2306.203(c) of the Texas Government Code, t~~T~~he criteria used to evaluate applications, as more fully reflected in the NOFA, will include at a minimum the:

(A) leveraging of federal funds including the extent to which the project will leverage State funds with other resources, including federal resources, and private sector funds;

(B) cost-effectiveness of a proposed development; and

(C) extent to which individuals and families of very low income and extremely low income are served by the development.

(b) The Board has final approval on all recommendations for funding.

(c) Eligible Applicants that have been approved for funding and that require a material change in the project description must provide a written request for the material change to the Department prior to implementing the change.

(1) A material change may include, but is not limited to, the following:

(A) Change in project site;

(B) Change in the number of units or set asides; and

(C) An increase in funding that is not permitted under subsection (d) of this section.

(2) Failure to comply with this subsection may result in the termination of funding to ~~the applicant~~ Applicant.

(d) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Housing Trust Fund development proposal or written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the request or award, such modification or amendment does not increase the dollar amount by more than 25% of the original request or award, or $50,000, whichever is greater; ~~and~~

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award; and~~.~~

(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.

~~§51.9.~~§51.8. Other Program Requirements.

(a) Employment opportunities. In connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely ~~low income~~ low-income persons residing within the area in which the project is located.

(b) Conflict of Interest.

(1) Conflict Prohibited. No person described in paragraph (2) of this subsection who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the Statute or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(2) Persons Covered. The conflict of interest provisions of paragraph (1) of this subsection apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the Recipient.

(c) Right to Inspect and Monitor.

(1) The Department may, at any time, inspect and monitor the records and the work of the project so as to ascertain the level of project completion, quality of work performed, inventory levels of stored material, compliance with the approval plans and specifications, property standards, and program rules and requirements.

(2) Any unsatisfactory findings in the inspection may result in a reduction in the amount of funds requested or termination of funding.

(3) Within 45 days of completion of any construction, and before the release of any retainage funds, Recipients are required to notify the Department of the completion by submitting a certificate of completion and any other documents required by program guidelines, including, but not limited to, the following:

(A) Architect's Certification of Substantial Compliance;

(B) Recipient's Certificate of Substantial Completion; and

(C) Recipient's and ~~supplier's~~ Supplier's Release of Lien and warrantee.

(4) The Department performs a final close-out visit and assists owners in preparing for long-term compliance requirements upon completion of project development.

(d) Compliance.

(1) Recipient must maintain compliance with each of its written agreements with the Department.

(2) Restrictions are stated and enforced through a regulatory agreement.

(3) These restrictions include, but are not limited to the following:

(A) Rent restrictions;

(B) Record keeping and reporting; and

(C) Income targeting of tenants.

(4) The Department monitors compliance with project restrictions and any other covenants by Recipient in any Housing Trust Fund agreement. An annual per unit compliance fee of $25.00 may be charged for this review.

(5) Prior to the leasing of any units, project owners are provided guidance and training by the Department to assist project owners in adhering to restrictions and reporting requirements.

(e) For funds being used for multifamily rental properties, the ~~recipient~~ Recipient must establish a reserve account consistent with ~~Section~~ §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the ~~recipient~~ Recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

~~§51.10.~~§51.9. Citizen Participation.

(a) The Department holds at least one public hearing annually, and additional public hearings prior to consideration of any proposed significant changes to these rules, to solicit comments from the public, eligible applicants, and Recipients on the Department's rules, guidelines, and procedures for the Housing Trust Fund.

(b) The Department considers the comments it receives at public hearings. The Board annually reviews the performance, administration, and implementation of the Housing Trust Fund in light of the comments it receives. The Board also reviews funding goals and set-asides relating to Allocation of Housing Trust Funds.

(c) Unless the request is made during a competitive application cycle, Applications for Housing Trust Funds are public information and the Department shall afford the public an opportunity to comment on proposed housing applications prior to making awards.

(d) Complaints will be handled in accordance with the Department's complaint procedures of §1.2 of this title.

~~§51.11.~~§51.10. Records to be Maintained.

(a) Recipients are required, at least on an annual basis, to submit to the Department information required under Chapter 1 of this title, which may include, but is not limited to:

(1) such information as may be necessary to determine whether a project is benefiting low, very low, and extremely ~~low income~~ low-income persons and families;

(2) the monthly rent or mortgage payment for each dwelling unit in each structure assisted;

(3) such information as may be necessary to determine whether Recipients have carried out their housing activities in accordance with the requirements and primary objectives of the Housing Trust Fund and implementing regulations;

(4) ~~The~~ the size and income of the household for each unit occupied by a low, very low, or extremely ~~low income~~ low-income person or family;

(5) ~~Data~~ data on the extent to which each racial and ethnic group and households have applied for and benefited from any project or activity funded in whole or in part with funds made available under the Statute. This data shall be updated annually; and

(6) A final statement of accounting upon completion of the project.

(b) Recipients shall maintain records pertinent to the tenant's files for a period of at least three years.

(c) Recipients shall maintain records pertinent to funding awards including but not limited to project costs and certification work papers for a period of at least five years.

(d) Recipient shall maintain records in an accessible location.

~~§51.12.~~ §51.11. Waiver.

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

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
November 10, 2005

Action Items

Final Real Estate Analysis Rules and Guidelines (Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines).

Required Action

1. Adoption of Repeal of Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31- 1.37 - 2005 Real Estate Analysis Rules and Guidelines

2. Adoption of New Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31- 1.37 - 2006 Real Estate Analysis Rules and Guidelines

Background

At the August 19, 2005 Board Meeting, the Board approved the Proposed New Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31- 1.37 - 2006 Real Estate Analysis Rules and Guidelines and the proposed repeal of the Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31- 1.37 - 2005 Real Estate Analysis Rules and Guidelines for public comment. The proposals were published in the *Texas Register* on September 2, 2005 for the public to provide comments. In order to receive additional comments on all proposed rules, the Texas Department of Housing and Community Affairs staff held public hearings in the cities of Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland and El Paso. Ninety-seven people attended these hearings.

There was no comment on the proposed repeal.

Reasoned Response to Public Comment on the 2006 Draft Real Estate Analysis (REA) Rules

The Department received comments at public hearings and by fax and email. This document provides the Department's response to all comments received. The comments and responses are divided into the following two sections:

I. Substantive comments on the REA Rules and Departmental response. Comment and responses are presented in the order they appear in the REA Rules. The name and organization of the commenter is presented in parenthesis.

II. Administrative clarifications and corrections. These changes include administrative changes made to the REA Rules by staff.

I. SUBSTANTIVE COMMENTS ON THE REA RULES AND DEPARTMENTAL RESPONSE

§1.32(d)(2)(H)(i) – Property Tax – (3) Page 13

Comment: Recently, I noticed in the Dallas Central Appraisal District that…they're using, I believe, an 8-1/2 percent cap rate, versus the 11 percent cap rate that we had been using, for estimating property taxes in the Dallas County area. And we've turned that over to some of our consultants, but we'd appreciate any help TDHCA could be in trying to monitor that, because it's hard enough to make deals work today without a substantial increase in property taxes on tax credit deals.

Department Response: Staff does not recommend a change. Staff will work to collect and publish on its website appraisal district capitalization rates. At underwriting, the capitalization rate published by taxing authorities is taken into consideration in determining the estimated property tax for the development. If the taxing authority does not publish a capitalization rate, an underwriting rate of 10% will be used. In both cases, comparable assessed values collected through the Department's annual Owner's Financial Certification process and submitted by applicants are also considered.

(H) **Property Tax.** Property Tax includes all real and personal property taxes but not payroll taxes. The underwriting tolerance level for this line item is 10%.

(i) The per unit assessed value will be calculated based on the capitalization rate published on the county taxing authority's website. If the county taxing authority does not publish a capitalization rate on the internet, a capitalization rate of 10% will be used or comparable assessed values may be used in evaluating this line item expense.

§1.32(e)(1)(B) – Identity of Interest Acquisitions – (1) Page 15

Comment: ...identify of interest transactions for land. We support these changes regarding recognizable cost to be allowed in an identity of interest land transaction. However, we believe the language should go further to specifically allow for increased values due to zoning changes. Currently, if a land owner owns a parcel of land that was zoned agricultural or residential when acquired, the acquisition costs plus only basis costs are acknowledged for underwriting carry over and cost certification purposes. If a land owner chooses to rezone a parcel of land to apartment or commercial zoning in a desirable part of a city, the current TDHCA policy discourages the land owner from placing that parcel into a tax credit deal because any value added purely from the rezoning is rejected by the department. Therefore, the current TDHCA policy discourages developers from putting more valuable parcels of land into tax credit deals, because the developer cannot realize the true value of the parcel of his or her land in the transaction. This policy is not in the best interest of the program, as many deals are not presented on more valuable parcels of land due to this current TDHCA policy.

Department Response: Staff does not recommend further change. Cost to the related party seller to rezone the site is allowed as a holding cost that is then added to the original acquisition cost included in the development cost schedule. The contract price between the related party seller and Applicant may reflect the perceived value added by the change in zoning; however, for purposes of calculating the gap-based recommended tax credit allocation, total acquisition cost will be calculated based on the proposed language of Section 50.9(h)(7)(A)(iii).

(B) **Identity of Interest Acquisitions.** ~~Where within the past three years the seller or previous owner or any Principals of the seller or previous owner is~~

(i) The acquisition will be considered an identity of interest transaction when an Affiliate of, ~~Beneficial Owner, or a~~ Related Party to, or any owner at any level of the Development Team

(I) is the current owner in whole or in part of the proposed property, or

(II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.~~, the sale of the property will be considered to be an Identity of Interest transfer.~~

(ii) In all ~~such~~ identity of interest transactions the Applicant is required to provide the additional documentation identified in §~~49~~50.9~~(e)~~(h)(7)(A)~~(e)(f)(12)~~ of this title to support the transfer price ~~and this information will~~ to be used in the underwriting analysis.~~by the Underwriter to make a transfer price determination.~~

(iii) In no instance will the acquisition ~~value~~ cost utilized by the Underwriter exceed

(I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, or

(II) the "as-is" ~~appraised~~ value conclusion in the submitted appraisal.

§1.32(e)(3) – Site Work Costs – (2) Page 16

Comment: …we would ask that the $7,500 limit for site work be raised to a higher amount of between $9,000 to $11,000 to reflect the reality of the condition of current multi-family sites available for development (i.e. need for rezoning and greater due diligence). This amount has not increased since at least 2003 or longer. Even though third party engineer verification allows for use of a higher amount it would be more efficient to propose a higher amount initially and eliminate unneeded administrative work.

Department Response: Staff does not recommend a change. This safe harbor limit at $7,500 per unit is intended to account for more than the average historical site work cost on a per unit basis. Anything over that amount will still be accepted as long as substantiation for the significantly higher than average site work cost is provided. Relatively few developments exceed this guideline and the additional administrative work required to process the qualified third party verification is considered to be an important safeguard in evaluating costs with difficult site issues.

(3) **Site Work Costs.** Project site work costs exceeding $7,500 per Unit must be well documented and certified by a Third Party engineer on the required application form. In addition, for Applicants seeking Tax Credits, documentation in keeping with §50.9(i)(6)(G)~~49.9(f)(6)(G)~~ of this title will be utilized in calculating eligible basis.

II. ADMINISTRATIVE CLARIFICATIONS AND CORRECTIONS

§1.31(c)(5) – Comparable Unit – (Administrative) Page 9

Comment: The definition was reworded to provide clarification in the proposed rule of the difference in comparable units with regard to each of the following: inclusive capture rate, subsidized unit rent, and market rent. Upon further review and comments from staff and the Board, staff recommends the following change for further clarification:

(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in overall condition, ~~net rentable square footage, monthly rent or sales price,~~ unit amenities, utility structure~~,~~ and common amenities, and

(A) for purposes of calculating the inclusive capture rate ~~and subsidized Unit rent~~ targets the same population~~,~~ and is likely to draw from the same demand pool~~, or~~;

(B) for purposes of estimating the subsidized Unit rent targets the same population and is similar in net rentable square footage and number of bedrooms; or

(C) for purposes of estimating the subject Unit market rent does not have any income or rent restrictions and is similar in net rentable square footage and number of bedrooms. ~~A unit of housing that is of similar quality of construction, age, size, number of rooms, location, utility structure, and other discernable characteristics that can be used to compare and contrast from a proposed or existing unit.~~

§1.32(d)(1)(A)(i) – Market Rents – (Administrative) Page 12

Comment: Rent Comparable Unit is no longer a separate defined term in the proposed rules and it is unnecessary to provide the title of the section referenced (§1.33). Staff recommends the following change:

(i) **Market Rents.** The Underwriter reviews the Attribute Adjustment Matrix of ~~Rent~~ Comparable Units by unit size provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst's conclusion of adjusted Market Rent by unit, as long as the proposed Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable rent. Random checks of the validity of the Market Rents may include direct contact with the comparable properties. The Market Analyst's Attribute Adjustment Matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this subchapter~~, the Department's Market Analysis Rules and Guidelines~~.

§1.32(e)(1)(B) – Identity of Interest Acquisitions – (Administrative) Page 15

Comment: The citation [**§50.9(i)(7)(A)]** of related language in the 2006 Qualified Allocation Plan is incorrect. Staff recommends the following change:

(B) **Identity of Interest Acquisitions.** ~~Where within the past three years the seller or previous owner or any Principals of the seller or previous owner is~~

(i) The acquisition will be considered an identity of interest transaction when an Affiliate of~~,~~ ~~Beneficial Owner, or a~~ Related Party to, or any owner at any level of the Development Team

(I) is the current owner in whole or in part of the proposed property, or

(II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.~~, the sale of the property will be considered to be an Identity of Interest transfer.~~

(ii) In all ~~such~~ identity of interest transactions the Applicant is required to provide the additional documentation identified in §~~49~~50.9~~(i)~~(h)(7)(A)~~(e)(12)~~ of this title to support the transfer price ~~and this information will~~ to be used in the underwriting analysis.~~by the Underwriter to make a transfer price determination.~~

(iii) In no instance will the acquisition ~~value~~ cost utilized by the Underwriter exceed

(I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, or

(II) the "as-is" ~~appraised~~ value conclusion in the submitted appraisal.

§1.32(e)(5)&(6) – Hard Cost Contingency & Contractor Fee Limits – (Administrative) Page 16

Comment: Underwriting analysis of tax credit developments has consistently restricted eligible contractor fees and eligible contingency to certain percentages applied to the sum of eligible site work and eligible direct construction costs. Questions received during the cost certification process for tax credit developments indicate clarification on the calculation of eligible contractor fees is required. For consistency, similar clarification was added to language regarding contingency cost. Staff recommends the following change:

(5) **Hard Cost Contingency.** All contingencies identified in the Applicant project cost schedule will be added to Hard Cost Contingency with the total limited to the guidelines detailed in this paragraph. Hard Cost Contingency is limited to a maximum of ~~five percent (5%)~~5% of direct costs plus site work for new construction Developments and ~~ten percent (10%)~~10% of direct costs plus site work for rehabilitation Developments. For tax credit Developments, the percentage is applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contingency cost. The Applicant's figure is used by the Underwriter if the figure is less than ~~five percent (5%)~~5%.

(6) **Contractor Fee Limits.** Contractor fees are limited to ~~six percent (6%)~~6% for general requirements, ~~two percent (2%)~~2% for contractor overhead, and ~~six percent (6%)~~6% for contractor profit. The percentages are applied to the sum of the direct construction costs plus site work costs. For tax credit Developments, the percentages are applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contractor fees. Minor reallocations to make these fees fit within these limits may be made at the discretion of the Underwriter. For Developments also receiving financing from TX-USDA-RHS, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TX-USDA-RHS requirements.

§1.32(e)(7) – Developer Fee Limits – (1, Administrative) Page 16

Comment: …we'd like some further clarification placed in the final version of the QAP regarding consulting fees. While we understand that the proposed language change would require that deals in the nonprofit set aside allow at least 80 percent of the developer fees to go to the nonprofit applicant, we are unclear as to whether or not the nonprofit applicant…will be allowed to pay consulting fees that amount to greater than 20 percent of the developer fees. If this is the intent of the change, we ask that language be added to that effect. If this is not the intent, we would also request further clarification to that effect as currently the real estate analysis division considers all consulting fees part of the developer fee for underwriting carry over and cost certification purposes. And if I could pause here real quick…Is the intent to include consulting fees in that?

Department Response: Mr. Bowling's comment led staff to the realization that, although the consistent practice in underwriting has been to include housing consultant fees in total eligible developer fees limited to 15% of all other eligible costs, the REA Rules do not clearly reflect this practice. The following clarification is proposed:

(7) **Developer Fee Limits.** For Tax Credit Developments, the development cost associated with developer fees and Development Consultant (also known as Housing Consultant) fees included in Eligible Basis cannot exceed ~~fifteen percent (15%)~~15% of the project's Total Eligible Basis less developer fees, as defined in the QAP. Developer fee claimed must be proportionate to the work for which it is earned. In the case of an identity of interest transaction requesting acquisition Tax Credits, no developer fee attributable to acquisition of the Development will be included in Eligible Basis. For non-Tax Credit Developments, the percentage remains the same but is based upon total development costs less the sum of the fee itself, land costs, the costs of permanent financing, excessive construction period financing described in subsection (f)(8) of this section, reserves, and any other identity of interest acquisition cost.

§1.36 – Property Condition Assessment Guidelines – (Administrative) Page 27

Comment: Review of the language changes made for clarification revealed several administrative errors related to cutting and pasting in MSWord. The draft language omitted an explicit reference to any construction on the site that did not entail repairs or replacement. This omission could potentially lead to confusion over the details needed in a PCA. Staff recommends the following corrections:

§1.36 Property Condition Assessment Guidelines

(a) **General Provisions.** The objective of the Property Condition Assessment (the PCA) is to provide cost estimates for repairs, ~~and~~ replacements, or new construction which are: ~~necessary~~ immediately necessary~~,~~; proposed by the developer; and ~~for repairs and replacements which are~~ expected to be required throughout the term of the regulatory period. The PCA prepared for the Department should be conducted and reported in conformity with the American Society for Testing and Materials "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (b) and (c) of this section. The PCA must include discussion and analysis of the following:

(1) **Useful Life Estimates.** For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived~~;~~.

(2) **Code Compliance.** The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property~~;~~.

(3) **Program Rules.** The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points~~;~~.

(4) **Cost Estimates for Repair and Replacement.** It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction and consistency of the total immediately necessary and proposed repair and replacement cost estimates with the development cost schedule submitted as an exhibit of the Application.

(A) **Immediately Necessary Repairs and Replacement.** Systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards should be considered immediately necessary ~~immediate~~ repair~~s~~ and replacement. The PCA ~~should~~ must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived~~;~~.

(B) **Proposed Repair, ~~and~~ Replacement, or New Construction.** If the development plan calls for additional repair, ~~and~~ replacement, or new construction above and beyond the immediate repair and replacement described in subparagraph (A) of this paragraph, such items must be identified and the nature or source of obsolescence or improvement to the operations of the Property discussed. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or new construction ~~maintenance of each system or component~~ which is identified as being ~~an~~ above and beyond the immediate need, citing the basis or the source from which such cost estimate is derived.

(C) ~~(5)~~ **Expected Repair and Replacement~~s~~ Over Time.** The term during which the PCA should estimate the cost of expected repair and replacement~~s~~ over time ~~should~~ must equal the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the property. The PCA ~~should~~ must estimate the periodic costs which ~~would be~~ are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The PCA ~~should~~ must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum~~; and~~.

~~(6) Obsolescence. If the development plan calls for additional modification or replacement of certain systems, components, or other aspects of the property strictly due to functional obsolescence or external market obsolescence, such items should be identified and the nature or source of the obsolescence discussed. The associated costs may be included either with immediate repairs or with expected repairs over time as~~

~~appropriate. It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction, and to ensure consistency between the PCA, and the proposed development costs.~~

(b) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

(1) Fannie Mae's criteria for Physical Needs Assessments,

(2) Federal Housing Administration's criteria for Project Capital Needs Assessments,

(3) Freddie Mac's guidelines for Engineering and Property Condition Reports, ~~or~~

(4) TX-USDA-RHS guidelines for Capital Needs Assessment, or

(5) Standard and Poor's Property Condition Assessment Criteria: Guidelines for Conducting Property Condition Assessments, Multifamily Buildings.

(c) The Department may consider for acceptance reports prepared according to other standards which are not specifically named above in subsection (b) of this ~~sub~~section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(d) The PCA shall be conducted by a Third Party at the expense of the Applicant, and addressed to TDHCA as the client. Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The PCA report should also include a statement that the person or company preparing the PCA report will not materially benefit from the Development in any other way than receiving a fee for performing the PCA. The PCA should be signed and dated by the Third Party report provider not more than six months prior to the date of the application. ~~However, an original report may be accepted up to 24 months old if a review inspection and update letter dated less than six months from the date of the application is signed by the original report provider, and that such letter identifies specific details of necessary amendments to the original report or specifies that no such amendments are necessary.~~

Tab Number	Organization
1	Bowling, Bobby -- Tropicana Building, El Paso
2	Guerrero, Debra -- The NRP Group, San Antonio
3	Sisk, Tony -- Churchill Residential, Dallas

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER B. UNDERWRITING, MARKET ANALYSIS, APPRAISAL, ENVIRONMENTAL SITE ASSESSMENT, PROPERTY CONDITION ASSESSMENT, AND RESERVE FOR REPLACEMENT RULES AND GUIDELINES

§1.31 GENERAL PROVISIONS

(a) **Purpose.** The Rules in this subchapter apply to the underwriting, market analysis, appraisal, environmental site assessment, property condition assessment, and reserve for replacement standards employed by the Texas Department of Housing and Community Affairs (the "Department" or "TDHCA"). This chapter provides rules for the underwriting review of an affordable housing development's financial feasibility and economic viability. In addition, this chapter guides the underwriting staff in making recommendations to the Executive Award and Review Advisory Committee ("the Committee"), Executive Director, and TDHCA Governing Board ("the Board") to help ensure procedural consistency in the award determination process. Due to the unique characteristics of each development the interpretation of the rules and guidelines described in this subchapter is subject to the discretion of the Department and final determination by the Board.

(b) **Alternative Dispute Resolution Policy.** In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

(c) **Definitions.** Many of the terms used in this subchapter are defined in the Department's Housing Tax Credit Program Qualified Allocation Plan and Rules, known as the "QAP", as proposed. Those terms that are not defined in the QAP or which may have another meaning when used in subchapter B of this title, shall have the meanings set forth in this subsection unless the context clearly indicates otherwise.

(1) **Affordable Housing**--Housing that has been funded through one or more of the Department's programs or other local, state or federal programs or has at least one unit that is restricted in the rent that can be charged either by a Land Use Restriction Agreement or other form of Deed Restriction.

(2) **Bank Trustee**--A bank authorized to do business in this state, with the power to act as trustee.

(3) **Cash Flow**--The funds available from operations after all expenses and debt service required to be paid has been considered.

(4) **Credit Underwriting Analysis Report**--Sometimes referred to as the "Report." A decision making tool used by the Department and Board, described more fully in §1.32 of this subchapter.

(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in overall condition, ~~net rentable square footage, monthly rent or sales price,~~ unit amenities, utility structure~~,~~ and common amenities, and

(A) for purposes of calculating the inclusive capture rate ~~and subsidized Unit rent~~ targets the same population~~,~~ and is likely to draw from the same demand pool~~, or~~;

(B) for purposes of estimating the subsidized Unit rent targets the same population and is similar in net rentable square footage and number of bedrooms; or

(C) for purposes of estimating the subject Unit market rent does not have any income or rent restrictions and is similar in net rentable square footage and number of bedrooms.

(6) **Contract Rent**--Maximum Rent Limits based upon current and executed rental assistance contract(s), typically with a federal, state or local governmental agency.

(7) **DCR**--Debt Coverage Ratio. Sometimes referred to as the "Debt Coverage" or "Debt Service Coverage." A measure of the number of times loan principal and interest are covered by Net Operating Income.

(8) **Development**--Sometimes referred to as the "Subject Development." Multi-unit residential housing that meets the affordability requirements for and requests or has received funds from one or more of the Department's sources of funds.

(9) **EGI**--Effective Gross Income. The sum total of all sources of anticipated or actual income for a rental Development less vacancy and collection loss, leasing concessions, and rental income from employee-occupied units that is not anticipated to be charged or collected.

(10) **ESA**--Environmental Site Assessment. An environmental report that conforms with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E 1527) and conducted in accordance with the Department's Environmental Site Assessment Rules and Guidelines in §1.35 of this subchapter as it relates to a specific Development.

(11) **First Lien Lender**--A lender whose lien has first priority.

(12) **Gross Program Rent**--Sometimes called the "Program Rents." Maximum Rent Limits based upon the tables promulgated by the Department's division responsible for compliance by program and by county or Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA").

(13) **Market Analysis**--Sometimes referred to as "Market Study." An evaluation of the economic conditions of supply, demand and rental rates or pricing conducted in accordance with the Department's Market Analysis Rules and Guidelines in §1.33 of this subchapter as it relates to a specific Development.

(14) **Market Rent**--The unrestricted rent concluded by the Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units.

(15) **NOI**--Net Operating Income. The income remaining after all operating expenses, including replacement reserves and taxes have been paid.

(16) **Primary Market**--Sometimes referred to as "Primary Market Area" or "Submarket" or "PMA". The area defined by the Qualified Market Analyst as described in §1.33(d)(9) from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

(17) **PCA**--Property Condition Assessment. Sometimes referred to as "Physical Needs Assessment," "Project Capital Needs Assessments," "Property Condition Report," or "Property Work Write-Up." An evaluation of the physical condition of the existing property and evaluation of the cost of rehabilitation conducted in accordance with the Department's Property Condition Assessment Rules and Guidelines in §1.36 of this subchapter as it relates to a specific Development.

(18) **Rent Over-Burdened Households**--Non-elderly households paying more than 35% of gross income towards total housing expenses (unit rent plus utilities) and elderly households paying more than 40% of gross income towards total housing expenses.

(19) **Reserve Account**--An individual account:

(A) Created to fund any necessary repairs for a multifamily rental housing development; and

(B) Maintained by a First Lien Lender or Bank Trustee.

(20) **Secondary Market**--Sometimes referred to as "Secondary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(8).

(21) **Supportive Housing**--Sometimes referred to as "Transitional Housing." Rental housing intended solely for occupancy by individuals or households transitioning from homelessness or abusive situations to permanent housing and typically consisting primarily of efficiency units.

(22) **Sustaining Occupancy**--The occupancy level at which rental income plus secondary income is equal to all operating expenses and mandatory debt service requirements for a Development.

(23) **TDHCA Operating Expense Database**--Sometimes referred to as "TDHCA Database." A consolidation of recent actual operating expense information collected through the Department's Annual Owner Financial Certification process and published on the Department's web site.

(24) **Underwriter**--The author(s), as evidenced by signature, of the Credit Underwriting Analysis Report.

(25) **Unstabilized Development**-- A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion.

(26) **Utility Allowance**--The estimate of tenant-paid utilities, based either on the most current HUD Form 52667, "Section 8, Existing Housing Allowance for Tenant-Furnished Utilities and Other Services," provided by the local entity responsible for administering the HUD Section 8 program with most direct jurisdiction over the majority of the buildings existing or a documented estimate from the utility provider proposed in the Application. Documentation from the local utility provider to support an alternative calculation can be used to justify alternative Utility Allowance conclusions but must be specific to the Subject Development and consistent with the building plans provided.

(27) **Work Out Development**--A financially distressed Development seeking a change in the terms of Department funding or program restrictions based upon market changes.

§1.32 UNDERWRITING RULES AND GUIDELINES

(a) **General Provisions.** The Department, through the division responsible for underwriting, produces or causes to be produced a Credit Underwriting Analysis Report (the "Report") for every Development recommended for funding through the Department. The primary function of the Report is to provide the Committee, Executive Director, the Board, Applicants, and the public a comprehensive analytical report and recommendations necessary to make well informed decisions in the allocation or award of the State's limited resources. The Report in no way guarantees or purports to warrant the actual performance, feasibility, or viability of the Development by the Department.

(b) **Report Contents.** The Report provides an organized and consistent synopsis and reconciliation of the application information submitted by the Applicant. At a minimum, the Report includes:

(1) Identification of the Applicant and any Principals of the Applicant;

(2) Identification of the funding type and amount requested by the Applicant;

(3) The Underwriter's funding recommendations and any conditions of such recommendations;

(4) Review and analysis of the Applicant's operating proforma;

(5) Analysis of the Development's debt service capacity;

(6) Review and analysis of the Applicant's development budget;

(7) Evaluation of the commitment for additional sources of financing for the Development;

(8) Identification of related interests among the members of the Development Team, Third Party service providers and/or the seller of the property;

(9) Analysis of the Applicant's and Principals' financial statements and creditworthiness;

(10) Review of the proposed Development plan and evaluation of the proposed improvements;

(11) Review of the Applicant's evidence of site control and any potential title issues that may affect site control;

(12) Identification of the site which includes review of the independent site inspection report;

(13) Review of the Phase I Environmental Site Assessment in conformance with the Department's Environmental Site Assessment Rules and Guidelines in §1.35 of this subchapter or soils and hazardous material reports as required;

(14) Review of market data and Market Study information and any valuation information available for the property in conformance with the Department's Market Analysis Rules and Guidelines in §1.33 of this subchapter;

(15) Review of the appraisal, if required, for conformance with the Department's Appraisal Rules and Guidelines in §1.34 of this subchapter; and,

(16) Review of the Property Condition Assessment, if required, for conformance with the Department's Property Condition Assessment Rules and Guidelines in §1.36 of this subchapter.

(c) **Recommendations in the Report.** The conclusion of the Report includes a recommended award of funds or allocation of Tax Credits based on the lesser amount calculated by the program limit method (if applicable), gap/DCR method, or the amount requested by the Applicant as further described in paragraphs (1) through (3) of this subsection.

(1) **Program Limit Method.** For Developments requesting Housing Tax Credits, this method is based upon calculation of Eligible Basis after applying all cost verification measures and program limits as described in this section. The Applicable Percentage used is as defined in the QAP. For Developments requesting funding through a Department program other than Housing Tax Credits, this method is based upon calculation of the funding limit based on current program rules at the time of underwriting.

(2) **Gap/DCR Method.** This method evaluates the amount of funds needed to fill the gap created by total development cost less total non-Department-sourced funds or Tax Credits. In making this determination, the Underwriter resizes any anticipated deferred developer fee down to zero before reducing the amount of Department funds or Tax Credits. In the case of Housing Tax Credits, the syndication proceeds needed to fill the gap in permanent funds are divided by the syndication rate to determine the amount of Tax Credits. In making this determination, the Department adjusts the permanent loan amount and/or any Department-sourced loans, as necessary, such that it conforms to the DCR standards described in this section.

(3) **The Amount Requested.** The amount of funds that is requested by the Applicant as reflected in the application documentation.

(d) **Operating Feasibility.** The operating financial feasibility of Developments funded by the Department is tested by adding total income sources and subtracting vacancy and collection losses and operating expenses to determine Net Operating Income. This Net Operating Income is divided by the annual debt service to determine the Debt Coverage Ratio. The Underwriter characterizes a Development as infeasible from an operational standpoint when the Debt Coverage Ratio does not meet the minimum standard set forth in paragraph (4)(D) of this subsection. The Underwriter may choose to make adjustments to the financing structure, such as lowering the debt and increasing the deferred developer fee that could result in a re-characterization of the Development as feasible based upon specific conditions set forth in the Report.

(1) **Income.** The Underwriter evaluates the reasonableness of the Applicant's income estimate by determining the appropriate rental rate per unit based on contract, program and market factors. Miscellaneous income and vacancy and collection loss limits as set forth in subparagraphs (B) and (C) of this paragraph, respectively, are applied unless well-documented support is provided.

(A) **Rental Income.** The Program Rent less Utility Allowances or Market Rent or Contract Rent is utilized by the Underwriter in calculating the rental income for comparison to the Applicant's estimate in the application. Where multiple programs are funding the same units, Contract Rents are used, if applicable. If Contract Rents do not apply, the lowest Program Rents less Utility Allowance ("net Program Rent") or Market Rents, as determined by the Market Analysis that are lower than the net Program Rents, are utilized.

(i) **Market Rents.** The Underwriter reviews the Attribute Adjustment Matrix of ~~Rent~~ Comparable Units by unit size provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst's conclusion of adjusted Market Rent by unit, as long as the proposed Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable rent. Random checks of the validity of the Market Rents may include direct contact with the comparable properties. The Market Analyst's Attribute Adjustment Matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this subchapter~~, the Department's Market Analysis Rules and Guidelines~~.

(ii) **Program Rents less Utility Allowance.** The Underwriter reviews the Applicant's proposed rent schedule and determines if it is consistent with the representations made in the remainder of the application. The Underwriter uses the Program Rents as promulgated by the Department's division responsible for compliance for the year that is most current at the time the underwriting begins. When underwriting for a simultaneously funded competitive round, all of the applications are underwritten with the rents promulgated for the same year. Program Rents are reduced by the Utility Allowance. The Utility Allowance figures used are determined based upon what is identified in the application by the Applicant as being a utility cost paid by the tenant and upon other consistent documentation provided in the application.

(I) Units must be individually metered for all utility costs to be paid by the tenant.

(II) Gas utilities are verified on the building plans and elsewhere in the application when applicable.

(III) Trash allowances paid by the tenant are rare and only considered when the building plans allow for individual exterior receptacles.

(IV) Refrigerator and range allowances are not considered part of the tenant-paid utilities unless the tenant is expected to provide their own appliances, and no eligible appliance costs are included in the development cost breakdown.

(iii) **Contract Rents.** The Underwriter reviews submitted rental assistance contracts to determine the Contract Rents currently applicable to the Development. Documentation supporting the likelihood of continued rental assistance is also reviewed. The underwriting analysis will take into consideration the Applicant's intent to request a Contract Rent increase. At the discretion of the Underwriter, the Applicant proposed rents may be used in the underwriting analysis with the recommendations of the Report conditioned upon receipt of final approval of such increase.

(B) **Miscellaneous Income.** All ancillary fees and miscellaneous secondary income, including but not limited to late fees, storage fees, laundry income, interest on deposits, carport rent, washer and dryer rent, telecommunications fees, and other miscellaneous income, are anticipated to be included in a $5 to $15 per unit per month range. Exceptions may be made at the discretion of the Underwriter for garage income, pass-through utility payments, pass-through water, sewer and trash payments, cable fees, congregate care/assisted living/elderly facilities, and child care facilities.

(i) Exceptions must be justified by operating history of existing comparable properties.

(ii) The Applicant must show that the tenant will not be required to pay the additional fee or charge as a condition of renting an apartment unit and must show that the tenant has a reasonable alternative.

(iii) The Applicant's operating expense schedule should reflect an offsetting cost associated with income derived from pass-through utility payments, pass-through water, sewer and trash payments, and cable fees.

(iv) Collection rates of exceptional fee items will generally be heavily discounted.

(v) If the total secondary income is over the maximum per unit per month limit, any cost associated with the construction, acquisition, or development of the hard assets needed to produce an additional fee may also need to be reduced from Eligible Basis for Tax Credit Developments as they may, in that case, be considered to be a commercial cost rather than an incidental to the housing cost of the Development.

(C) **Vacancy and Collection Loss.** The Underwriter uses a vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss) unless the Market Analysis reflects a higher or lower established vacancy rate for the area. Elderly and 100% project-based rental subsidy Developments and other well documented cases may be underwritten at a combined 5% at the discretion of the Underwriter if the historical performance reflected in the Market Analysis is consistently higher than a 95% occupancy rate.

(D) **Effective Gross Income.** The Underwriter independently calculates EGI. If the EGI figure provided by the Applicant is within 5% of the EGI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's proforma meets the requirements of paragraph (3) of this subsection.

(2) **Expenses.** The Underwriter evaluates the reasonableness of the Applicant's expense estimate by line item comparisons based upon the specifics of each transaction, including the type of Development, the size of the units, and the Applicant's expectations as reflected in their proforma. Historical stabilized certified or audited financial statements of the Development or Third Party quotes specific to the Development will reflect the strongest data points to predict future performance. The Department's database of property in the same location or region as the proposed Development also provides heavily relied upon data points. Data from the Institute of Real Estate Management's (IREM) most recent Conventional Apartments-Income/Expense Analysis book for the proposed Development's property type and specific location or region may be referenced. In some cases local or project-specific data such as Public Housing Authority ("PHA") Utility Allowances and property tax rates are also given significant weight in determining the appropriate line item expense estimate. Finally, well documented information provided in the Market Analysis, the application, and other sources may be considered.

(A) **General and Administrative Expense.** General and Administrative Expense includes all accounting fees, legal fees, advertising and marketing expenses, office operation, supplies, and equipment expenses. The underwriting tolerance level for this line item is 20%.

(B) **Management Fee.** Management Fee is paid to the property management company to oversee the effective operation of the property and is most often based upon a percentage of Effective Gross Income as documented in the management agreement contract. Typically, 5% of the Effective Gross Income is used, though higher percentages for rural transactions that are consistent with the TDHCA Database can be concluded. Percentages as low as 3% may be utilized if documented by a Third Party management contract agreement with an acceptable management company. The Underwriter will require documentation for any percentage difference from the 5% of the Effective Gross Income standard.

(C) **Payroll and Payroll Expense.** Payroll and Payroll Expense includes all direct staff payroll, insurance benefits, and payroll taxes including payroll expenses for repairs and maintenance typical of a conventional development. It does not, however, include direct security payroll or additional supportive services payroll. The underwriting tolerance level for this line item is 10%.

(D) **Repairs and Maintenance Expense.** Repairs and Maintenance Expense includes all repairs and maintenance contracts and supplies. It should not include extraordinary capitalized expenses that would result from major renovations. Direct payroll for repairs and maintenance activities are included in payroll expense. The underwriting tolerance level for this line item is 20%.

(E) **Utilities Expense (Gas & Electric).** Utilities Expense includes all gas and electric energy expenses paid by the owner. It includes any pass-through energy expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(F) **Water, Sewer and Trash Expense.** Water, Sewer and Trash Expense includes all water, sewer and trash expenses paid by the owner. It would also include any pass-through water, sewer and trash expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(G) **Insurance Expense.** Insurance Expense includes any insurance for the buildings, contents, and liability but not health or workman's compensation insurance. The underwriting tolerance level for this line item is 30%.

(H) **Property Tax.** Property Tax includes all real and personal property taxes but not payroll taxes. The underwriting tolerance level for this line item is 10%.

(i) The per unit assessed value will be calculated based on the capitalization rate published on the county taxing authority's website. If the county taxing authority does not publish a capitalization rate on the internet, a capitalization rate of 10% will be used or comparable assessed values may be used in evaluating this line item expense.

(ii) Property tax exemptions or proposed payment in lieu of tax agreement (PILOT) must be documented as being reasonably achievable if they are to be considered by the Underwriter. At the discretion of the Underwriter, a property tax exemption that meets known federal, state and local laws may be applied based on the tax-exempt status of the Development Owner and its Affiliates.

(I) **Reserves.** Reserves include annual reserve for replacements of future capitalizable expenses as well as any ongoing additional operating reserve requirements. The Underwriter includes minimum reserves of $200 per unit for new construction and $300 per unit for all other Developments. The Underwriter may require an amount above $300 for Developments other than new construction based on information provided in the PCA. Higher levels of reserves also may be used if they are documented in the financing commitment letters.

(J) **Other Expenses.** The Underwriter will include other reasonable and documented expenses, not including depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees. Lender or syndicator's asset management fees or other ongoing partnership fees also are not considered in the Department's calculation of debt coverage. The most common other expenses are described in more detail in clauses (i) through (iv) of this subparagraph.

(i) **Supportive Services Expense.** Supportive Services Expense includes the documented cost to the owner of any non-traditional tenant benefit such as payroll for instruction or activities personnel. The Underwriter will not evaluate any selection points for this item. The Underwriter's verification will be limited to assuring any anticipated costs are included. For all transactions supportive services expenses are considered in calculating the Debt Coverage Ratio.

(ii) **Security Expense.** Security Expense includes contract or direct payroll expense for policing the premises of the Development. The Applicant's amount is typically accepted as provided. The Underwriter will require documentation of the need for security expenses that exceed 50% of the anticipated payroll expense estimate discussed in subparagraph (C) of this paragraph.

(iii) **Compliance Fees.** Compliance fees include only compliance fees charged by TDHCA. The Department's charge for a specific program may vary over time; however, the Underwriter uses the current charge per unit per year at the time of underwriting. For all transactions compliance fees are considered in calculating the Debt Coverage Ratio.

(iv) **Cable Television Expense.** Cable Television Expense includes fees charged directly to the owner of the Development to provide cable services to all units. The expense will be considered only if a contract for such services with terms is provided and income derived from cable television fees is included in the projected EGI. Cost of providing cable television in only the community building should be included in General and Administrative Expense as described in subparagraph (A) of this paragraph.

(K) The Department will communicate with and allow for clarification by the Applicant when the overall expense estimate is over 5% greater or less than the Underwriter's estimate. In such a case, the Underwriter will inform the Applicant of the line items that exceed the tolerance levels indicated in this paragraph, but may request additional documentation supporting some, none or all expense line items. If an acceptable rationale for the difference is not provided, the discrepancy is documented in the Report and the justification provided by the Applicant and the countervailing evidence supporting the Underwriter's determination is noted. If the Applicant's total expense estimate is within 5% of the final total expense figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's proforma meets the requirements of paragraph (3) of this subsection.

(3) **Net Operating Income.** NOI is the difference between the EGI and total operating expenses. If the NOI figure provided by the Applicant is within 5% of the NOI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating the DCR the Underwriter will maintain and use his independent calculation of NOI unless the Applicant's EGI, total expenses, and NOI are each within 5% of the Underwriter's estimates.

(4) **Debt Coverage Ratio.** Debt Coverage Ratio is calculated by dividing Net Operating Income by the sum of loan principal and interest for all permanent sources of funds. Loan principal and interest, or "Debt Service," is calculated based on the terms indicated in the submitted commitments for financing. Terms generally include the amount of initial principal, the interest rate, amortization period, and repayment period. Unusual financing structures and their effect on Debt Service will also be taken into consideration.

(A) **Interest Rate.** The interest rate used should be the rate documented in the commitment letter.

(i) Commitments indicating a variable rate must provide a detailed breakdown of the component rates comprising the all-in rate. The commitment must also state the lender's underwriting interest rate, or the Applicant must submit a separate statement executed by the lender with an estimate of the interest rate as of the date of the statement.

(ii) The maximum rate allowed for a competitive application cycle is evaluated by the Director of the Department's division responsible for Credit Underwriting Analysis Reports and posted to the Department's web site prior to the close of the application acceptance period. Historically this maximum acceptable rate has been at or below the average rate for 30-year U.S. Treasury Bonds plus 400 basis points.

(B) **Amortization Period.** The Department generally requires an amortization of not less than 30 years and not more than 50 years or an adjustment to the amortization structure is evaluated and recommended. In non-Tax Credit transactions a lesser amortization period may be used if the Department's funds are fully amortized over the same period.

(C) **Repayment Period.** For purposes of projecting the DCR over a 30-year period for Developments with permanent financing structures with balloon payments in less than 30 years, the Underwriter will carry forward Debt Service calculated based on a full amortization and the interest rate stated in the commitment.

(D) **Acceptable Debt Coverage Ratio Range.** The initial acceptable DCR range for all priority or foreclosable lien financing plus the Department's proposed financing falls between a minimum of 1.10 to a maximum of 1.30. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.10 based upon documentation of acceptance from the lender.

(i) For Developments other than HOPE VI and USDA Rural Development transactions, if the DCR is less than the minimum, the recommendations of the Report are conditioned upon a reduced debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) through (III) of this clause.

(I) A reduction of the interest rate or an increase in the amortization period for TDHCA funded loans;
(II) A reclassification of TDHCA funded loans to reflect grants, if permitted by program rules;
(III) A reduction in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph .
(ii) If the DCR is greater than the maximum, the recommendations of the Report are conditioned upon an increase in the debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) through (III) of this clause.
(I) A reclassification of TDHCA funded grants to reflect loans, if permitted by program rules;
(II) An increase in the interest rate or a decrease in the amortization period for TDHCA funded loans;
(III) An increase in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.
(iii) For Housing Tax Credit Developments, a reduction in the recommended Tax Credit allocation may be made based on the gap/DCR method described in subsection (c)(2) of this section.
(iv) Although adjustments in Debt Service may become a condition of the Report, future changes in income, expenses, and financing terms could allow for an acceptable DCR.
(5) **Long Term Feasibility.** The Underwriter will evaluate the long term feasibility of the Development by creating a 30-year operating proforma.
(A) A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses.
(B) The base year projection utilized is the Underwriter's EGI, expenses, and NOI unless the Applicant's EGI, total expenses, and NOI are each within 5% of the Underwriter's estimates.
(C) The DCR should remain above a 1.10 and a continued positive Cash Flow should be projected for the initial 30-year period in order for the Development to be characterized as feasible for the long term. DCR will be calculated based on the guidelines stated in subsection (d)(4) of this section.
(D) Any Development with a 30-year proforma, used in the underwriting analysis, reflecting cumulative Cash Flow over the first fifteen years as insufficient to repay the projected amount of deferred developer fee , amortized in irregular payments at 0% interest, is characterized as infeasible. An infeasible Development will not be recommended for funding unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendation(s) in the Report accordingly.
(e) **Development Costs.** The Development's need for permanent funds and, when applicable, the Development's Eligible Basis is based upon the projected total development costs. The Department's estimate of the total development cost will be based on the Applicant's project cost schedule to the extent that it can be verified to a reasonable degree of certainty with documentation from the Applicant and tools available to the Underwriter. For new construction Developments, the Underwriter's total cost estimate will be used unless the Applicant's total development cost is within 5% of the Underwriter's estimate. In the case of a rehabilitation Development, the Underwriter may use a lower tolerance level due to the reliance upon the PCA. If the Applicant's total development cost is utilized and the Applicant's line item costs are inconsistent with documentation provided in the Application or program rules, the Underwriter may make adjustments to the Applicant's total cost estimate.
(1) **Acquisition Costs.** The proposed acquisition price is verified with the fully executed site control document(s) for the entire proposed site.
(A) **Excess Land Acquisition.** Where more land is being acquired than will be utilized for the site and the remaining acreage is not being utilized as permanent green space, the value ascribed to the proposed Development will be prorated from the total cost reflected in the site control document(s). An appraisal or tax assessment value may be tools that are used in making this determination; however, the Underwriter will not utilize a prorated value greater than the total amount in the site control document(s).
(B) **Identity of Interest Acquisitions.**
(i) The acquisition will be considered an identity of interest transaction when an Affiliate of, a Related Party to, or any owner at any level of the Development Team
(I) is the current owner in whole or in part of the proposed property, or
(II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.
(ii) In all identity of interest transactions the Applicant is required to provide the additional documentation identified in §50.9~~(i)~~(h)(7)(A) of this title to support the transfer price to be used in the underwriting analysis.
(iii) In no instance will the acquisition cost utilized by the Underwriter exceed
(I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, or
(II) the “as-is” value conclusion in the submitted appraisal.

land costs, the costs of permanent financing, excessive construction period financing described in subsection (f)(8) of this section, reserves, and any other identity of interest acquisition cost.

(8) **Financing Costs.** Eligible construction period financing is limited to not more than one year's fully drawn construction loan funds at the construction loan interest rate indicated in the commitment. Any excess over this amount is removed to ineligible cost and will not be considered in the determination of developer fee.

(9) **Reserves.** The Department will utilize the terms proposed by the syndicator or lender as described in the commitment letter(s) or the amount described in the Applicant's project cost schedule if it is within the range of two to six months of stabilized operating expenses less management fees plus debt service.

(10) **Other Soft Costs.** For Tax Credit Developments all other soft costs are divided into eligible and ineligible costs. Eligible costs are defined by Internal Revenue Code but generally are costs that can be capitalized in the basis of the Development for tax purposes. Ineligible costs are those that tend to fund future operating activities. The Underwriter will evaluate and accept the allocation of these soft costs in accordance with the Department's prevailing interpretation of the Internal Revenue Code. If the Underwriter questions the eligibility of any soft costs, the Applicant is given an opportunity to clarify and address the concern prior to removal from Eligible Basis.

(f) **Developer Capacity.** The Underwriter will evaluate the capacity of the Person(s) accountable for the role of the Developer to determine their ability to secure financing and successfully complete the Development. The Department will review financial statements, and personal credit reports for those individuals anticipated to guarantee the completion of the Development.

(1) **Credit Reports.** The Underwriter will characterize the Development as "high risk" if the Applicant, General Partner, Developer, anticipated Guarantor or Principals thereof have a credit score which reflects a 40% or higher potential default rate.

(2) **Financial Statements of Principals.** The Applicant, Developer, any principals of the Applicant, General Partner, and Developer and any Person who will be required to guarantee the Development will be required to provide a signed and dated financial statement and authorization to release credit information in accordance with the Department's program rules.

(A) **Individuals.** The Underwriter will evaluate and discuss financial statements for individuals in a confidential portion of the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(B) **Partnerships and Corporations.** The Underwriter will evaluate and discuss financial statements for partnerships and corporations in the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(C) If the Development is characterized as a high risk for either lack of previous experience as determined by the TDHCA division responsible for compliance or a higher potential default rate is identified as described in paragraph (1) or (2) of this subsection, the Report must condition any potential award upon the identification and inclusion of additional Development partners who can meet the Department's guidelines.

(g) **Other Underwriting Considerations.** The Underwriter will evaluate numerous additional elements as described in subsection (b) of this section and those that require further elaboration are identified in this subsection.

(1) **Floodplains.** The Underwriter evaluates the site plan, floodplain map, survey and other information provided to determine if any of the buildings, drives, or parking areas reside within the 100-year floodplain. If such a determination is made by the Underwriter, the Report will include a condition that:

(A) The Applicant must pursue and receive a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F); or

(B) The Applicant must identify the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain; or

(C) The Development must be designed to comply with the QAP, as proposed.

(2**) Inclusive Capture Rate.** The Underwriter will not recommend the approval of funds to new Developments requesting funds if the anticipated inclusive capture rate, as defined in §1.33 of this title, exceeds 25% for the Primary Market unless:

(A) The Developments is classified as a Rural Development according to the QAP, as proposed, in which case an inclusive capture rate of 100% is acceptable; or

(B) The Development is strictly targeted to the elderly or special needs populations, in which case an inclusive capture rate of 100% is acceptable; or

(C) The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the same Primary Market Area on a Unit for Unit basis, and which gives the displaced tenants of the previously existing Affordable Housing a leasing preference, in which case an inclusive capture rate is not applicable.

(3) The Underwriter will identify in the report any Developments funded or known and anticipated to be eligible for funding within one linear mile of the subject.

(4) **Supportive Housing.** The unique development and operating characteristics of Supportive Housing Developments may require special consideration in the following areas:

(A) **Operating Income.** The extremely-low-income tenant population typically targeted by a Supportive Housing Development may include deep-skewing of rents to well below the 50% AMI level or other maximum rent limits established by the Department. The Underwriter should utilize the Applicant's proposed rents in the Report as long as such rents are at or below the maximum rent limit proposed for the units and equal to any project based rental subsidy rent to be utilized for the Development.

(B) **Operating Expenses.** A Supportive Housing Development may have significantly higher expenses for payroll, security, resident support services, or other items than typical Affordable Housing Developments. The Underwriter will rely heavily upon the historical operating expenses of other Supportive Housing Developments provided by the Applicant or otherwise available to the Underwriter.

(C) **DCR and Long Term Feasibility.** Supportive Housing Developments may be exempted from the DCR requirements of subsection (d)(4)(D) of this section if the Development is anticipated to operate without conventional debt. Applicants must provide evidence of sufficient financial resources to offset any projected 30-year cumulative negative cash flows. Such evidence will be evaluated by the Underwriter on a case-by-case basis to satisfy the Department's long term feasibility requirements and may take the form of one or a combination of the following: executed subsidy commitment(s), set-aside of Applicant's financial resources, to be substantiated by an audited financial statement evidencing sufficient resources, and/or proof of annual fundraising success sufficient to fill anticipated operating losses. If either a set aside of financial resources or annual fundraising are used to evidence the long term feasibility of a Supportive Housing Development, a resolution from the Applicant's governing board must be provided confirming their irrevocable commitment to the provision of these funds and activities.

(D) **Development Costs.** For Supportive Housing that is styled as efficiencies, the Underwriter may use "Average Quality" dormitory costs from the Marshall & Swift Valuation Service, with adjustments for amenities and/or quality as evidenced in the application, as a base cost in evaluating the reasonableness of the Applicant's direct construction cost estimate for new construction Developments.

(h) **Work Out Development.** Developments that are underwritten subsequent to Board approval in order to refinance or gain relief from restrictions may be considered infeasible based on the guidelines in this section, but may be characterized as "the best available option" or "acceptable available option" depending on the circumstances and subject to the discretion of the Underwriter as long as the option analyzed and recommended is more likely to achieve a better financial outcome for the property and the Department than the status quo.

§1.33 MARKET ANALYSIS RULES AND GUIDELINES

(a) **General Provision.** A Market Analysis prepared for the Department must evaluate the need for decent, safe, and sanitary housing at rental rates or sales prices that eligible tenants can afford. The analysis must determine the feasibility of the subject Property rental rates or sales price and state conclusions as to the impact of the Property with respect to the determined housing needs.

(b) **Self-Contained.** A Market Analysis prepared for the Department must allow the reader to understand the market data presented, the analysis of the data, and the conclusions derived from such data. All data presented should reflect the most current information available and the report must provide a parenthetical (in-text) citation or footnote describing the data source. The analysis must clearly lead the reader to the same or similar conclusions reached by the Market Analyst. All steps leading to a calculated figure must be presented in the body of the report.

(c) **Market Analyst Qualifications.** A Market Analysis submitted to the Department must be prepared and certified by an approved Qualified Market Analyst (§2306.67055). The Department will maintain an approved Market Analyst list based on the guidelines set forth in paragraphs (1) through (3) of this subsection.

(1) If not listed as approved by the Department, Market Analysts must submit subparagraphs (A) through (F) of this paragraph at least thirty days prior to the first day of the Application Acceptance Period for which the Market Analyst must be approved. To maintain status as an approved Qualified Market Analyst, updates to the items described in subparagraphs (A) through (C) of this paragraph must be submitted annually on the first Monday in February for review by the Department.

(A) Documentation of good standing in the State of Texas.

(B) A current organization chart or list reflecting all members of the firm who may author or sign the Market Analysis.

(C) Resumes for all members of the firm or subcontractors who may author or sign the Market Analysis.

(D) General information regarding the firm's experience including references, the number of previous similar assignments and time frames in which previous assignments were completed.
(E) Certification from an authorized representative of the firm that the services to be provided will conform to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the application round in which each Market Analysis is submitted.
(F) A sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the sample Market Analysis is submitted.
(2) During the underwriting process each Market Analysis will be reviewed and any discrepancies with the rules and guidelines set forth in this section may be identified and require timely correction. Subsequent to the completion of the application round and as time permits, staff or a review appraiser will re-review a sample set of submitted market analyses to ensure that the Department's Market Analysis Rules and Guidelines are met. If it is found that a Market Analyst has not conformed to the Department's Market Analysis Rules and Guidelines, as certified to, the Market Analyst will be notified of the discrepancies in the Market Analysis and will be removed from the approved Qualified Market Analyst list.
(A) In and of itself, removal from the list of approved Market Analysts will not invalidate a Market Analysis commissioned prior to the removal date and at least 90 days prior to the first day of the applicable Application Acceptance Period.
(B) To be reinstated as an approved Qualified Market Analyst, the Market Analyst must amend the previous report to remove all discrepancies or submit a new sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the updated or new sample Market Analysis is submitted.
(3) The list of approved Qualified Market Analysts is posted on the Department's web site and updated within 72 hours of a change in the status of a Market Analyst.
(d) **Market Analysis Contents.** A Market Analysis for a rental Development prepared for the Department must be organized in a format that follows a logical progression and must include, at minimum, items addressed in paragraphs (1) through (13) of this subsection.
(1) **Title Page.** Include Property address or location, effective date of analysis, date report completed, name and address of person authorizing report, and name and address of Market Analyst.
(2) **Letter of Transmittal.** The date of the letter must be the date the report was completed. Include Property address or location, description of Property, statement as to purpose and scope of analysis, reference to accompanying Market Analysis report with effective date of analysis and summary of conclusions, date of Property inspection, name of persons inspecting subject Property, and signatures of all Market Analysts authorized to work on the assignment.
(3) **Table of Contents.** Number the exhibits included with the report for easy reference.
(4**) Summary Form.** Complete and include the most current TDHCA Primary Market Area Analysis Summary form. An electronic version of the form and instructions are available on the Department's website at http://www.tdhca.state.tx.us/rea/.
(5) **Assumptions and Limiting Conditions.** Include a description of all assumptions, both general and specific, made by the Market Analyst concerning the Property.
(6) **Identification of the Property.** Provide a statement to acquaint the reader with the Development. Such information includes street address, tax assessor's parcel number(s), and Development characteristics.
(7) **Statement of Ownership.** Disclose the current owners of record and provide a three year history of ownership for the subject Property.
(8) **Secondary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Secondary Market Area definition. The entire PMA, as described in paragraph (9) of this subsection, must be contained within the Secondary Market boundaries. Secondary Market Demand will be considered for only Qualified Elderly Developments or Developments targeting special needs populations. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area (§2306.67055).
(A) The Secondary Market Area will be defined by the Market Analyst with boundaries based on (in descending order of TDHCA preference)
(i) major roads,
(ii) political boundaries, and
(iii) natural boundaries.
(iv) A radius is prohibited as a boundary definition.
(B) The Market Analyst's definition of the Secondary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the Secondary Market.

(C) A scaled distance map indicating the Secondary Market Area boundaries that clearly identifies the location of the subject Property must be included.

(9) **Primary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Primary Market Area definition. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area (§2306.67055).

(A) The Primary Market Area will be defined by the Market Analyst with

(i) size based on a base year population of no more than

(I) 100,000 people for Developments targeting the general population, and

(II) 250,000 people for Qualified Elderly Developments or Developments targeting special needs populations,

(ii) boundaries based on (in descending order of TDHCA preference)

(I) major roads,

(II) political boundaries, and

(III) natural boundaries.

(IV) A radius is prohibited as a boundary definition.

(B) The Market Analyst's definition of the Primary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the PMA.

(C) A scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of all Local Amenities must be included.

(10) **Market Information.**

(A) For each of the defined market areas, identify the number of units for each of the categories in clauses (i) through (vi) of this subparagraph; the data must be clearly labeled as relating to either the PMA or the Secondary Market, if applicable

(i) total housing,

(ii) rental developments,

(iii) Affordable Housing,

(iv) Comparable Units,

(v) Unstabilized Comparable Units, and

(vi) proposed Comparable Units.

(B) **Occupancy.** The occupancy rate indicated in the Market Analysis may be used to support both the overall demand conclusion for the proposed Development and the vacancy rate assumption used in underwriting the Development (§1.32(d)(1)(C)). State the overall physical occupancy rate for the proposed housing tenure (renter or owner) within the defined market areas by

(i) number of Bedrooms,

(ii) quality of construction (class),

(iii) Targeted Population, and

(iv) Comparable Units.

(C) **Absorption.** State the absorption trends by quality of construction (class) and absorption rates for Comparable Units.

(D) **Turnover.** The turnover rate should be specific to the Targeted Population. The data supporting the turnover rate must originate from documented turnover rates from at least one of the following (in descending order of TDHCA preference)

(i) Comparable Units,

(ii) the defined PMA,

(iii) the defined Secondary Market, and

(iv) a Third Party data collection agency or demographer.

(E) **Demand.** Provide a comprehensive evaluation of the need for the proposed housing within the defined market areas using the most current census and demographic data available.

(i) **Demographics.**

(I) **Population.** Provide population and household figures, supported by actual demographics, for a five-year period with the year of application as the base year.

(II) **Target.** If applicable, adjust the household projections for the Qualified Elderly or special needs population targeted by the proposed Development. State the target adjustment rate.

(III) **Household Size-Appropriate.** Adjust the household projections or target household projections, as applicable, for the appropriate household size for the proposed Development based on 1.5 persons per bedroom (round up). State the Household Size-Appropriate adjustment rate.

(IV) **Income Eligible.** Adjust the household size appropriate projections for income eligibility based on the income bands for the proposed Development with

(C) **Acquisition of Buildings for Tax Credit Properties.** In order to make a determination of the appropriate building acquisition value, the Applicant will provide and the Underwriter will utilize an appraisal that meets the Department's Appraisal Rules and Guidelines as described in §1.34 of this subchapter. The value of the improvements are the result of the difference between the as-is appraised value less the land value. The Underwriter may alternatively prorate the actual or identity of interest sales price based upon a lower calculated improvement value over the as-is value provided in the appraisal, so long as the resulting land value utilized by the Underwriter is not less than the land value indicated in the appraisal or tax assessment.
(2) **Off-Site Costs.** Off-Site costs are costs of development up to the site itself such as the cost of roads, water, sewer and other utilities to provide the site with access. All off-site costs must be well documented and certified by a Third Party engineer on the required application form.
(3) **Site Work Costs.** Project site work costs exceeding $7,500 per Unit must be well documented and certified by a Third Party engineer on the required application form. In addition, for Applicants seeking Tax Credits, documentation in keeping with §50.9(i)(6)(G) of this title will be utilized in calculating eligible basis.
(4**) Direct Construction Costs.** Direct construction costs are the costs of materials and labor required for the building or rehabilitation of a Development.
(A**) New Construction.** The Underwriter will use the Marshall and Swift Residential Cost Handbook and historical final cost certifications of all previous housing tax credit allocations to estimate the direct construction cost for a new construction Development. If the Applicant's estimate is more than 5% greater or less than the Underwriter's estimate, the Underwriter will attempt to reconcile this concern and ultimately identify this as a cost concern in the Report.
(i) The "Average Quality" multiple, townhouse, or single family costs, as appropriate, from the Marshall and Swift Residential Cost Handbook, based upon the details provided in the application and particularly site and building plans and elevations will be used to estimate direct construction costs. If the Development contains amenities not included in the Average Quality standard, the Department will take into account the costs of the amenities as designed in the Development.
(ii) If the difference in the Applicant's direct cost estimate and the direct construction cost estimate detailed in clause (i) of this subparagraph is more than 5%, the Underwriter shall also evaluate the direct construction cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for:
(I) the county in which the Development is to be located, or
(II) if cost certifications are unavailable under subclause (I) of this clause, the uniform state service region in which the Development is to be located.
(B) **Rehabilitation Costs.** In the case where the Applicant has provided a PCA which is inconsistent with the Applicant's figures as proposed in the development cost schedule, the Underwriter may request a supplement executed by the PCA provider supporting the Applicant's estimate and detailing the difference in costs. If said supplement is not provided or the Underwriter determines that the reasons for the initial difference in costs are not well-documented, the Underwriter utilizes the initial PCA estimations in lieu of the Applicant's estimates.
(5) **Hard Cost Contingency.** All contingencies identified in the Applicant project cost schedule will be added to Hard Cost Contingency with the total limited to the guidelines detailed in this paragraph. Hard Cost Contingency is limited to a maximum of 5% of direct costs plus site work for new construction Developments and 10% of direct costs plus site work for rehabilitation Developments. For tax credit Developments, the percentage is applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contingency cost. The Applicant's figure is used by the Underwriter if the figure is less than 5%.
(6) **Contractor Fee Limits.** Contractor fees are limited to 6% for general requirements, 2% for contractor overhead, and 6% for contractor profit. The percentages are applied to the sum of the direct construction costs plus site work costs. For tax credit Developments, the percentages are applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contractor fees. Minor reallocations to make these fees fit within these limits may be made at the discretion of the Underwriter. For Developments also receiving financing from TX-USDA-RHS, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TX-USDA-RHS requirements.
(7) **Developer Fee Limits.** For Tax Credit Developments, the development cost associated with developer fees and Development Consultant (also known as Housing Consultant) fees included in Eligible Basis cannot exceed 15% of the project's Total Eligible Basis less developer fees, as defined in the QAP. Developer fee claimed must be proportionate to the work for which it is earned. In the case of an identity of interest transaction requesting acquisition Tax Credits, no developer fee attributable to acquisition of the Development will be included in Eligible Basis. For non-Tax Credit Developments, the percentage remains the same but is based upon total development costs less the sum of the fee itself,

(-a-) the lower end of each income band calculated based on the lowest gross rent proposed divided by 35% for the general population and 40% for Qualified Elderly households, and
(-b-) the upper end of each income band equal to the applicable gross median income limit for the largest appropriate household size based on 1.5 persons per bedroom (round up).
(-c-) State the Income Eligible adjustment rate.
(V) **Tenure-Appropriate.** Adjust the income-eligible household projections for tenure (renter or owner). State the Tenure-Appropriate adjustment rate.
(ii) **Demand from Turnover.** Apply the turnover rate as described in subparagraph (D) of this paragraph to the target, income-eligible, size-appropriate and tenure-appropriate households in the PMA projected at twelve months prior to the proposed placed in service date.
(iii) **Demand from Population Growth.** Calculate the target, income-eligible, size-appropriate and tenure-appropriate household growth in the PMA for the twelve month period prior to the proposed placed in service date.
(iv) **Demand from Other Sources.** The source of additional demand and the methodology used to calculate the additional demand must be clearly stated. Calculation of additional demand must factor in the adjustments described in clause (i) of this subparagraph.
(11) **Conclusions.** Include a comprehensive evaluation of the subject Property, separately addressing each housing type and specific population to be served by the Development in terms of items in subparagraphs (A) through (G) of this paragraph. All conclusions must be consistent with the data and analysis presented throughout the Market Analysis.
(A) **Unit Mix.** Provide a best possible unit mix conclusion based on the occupancy rates by bedroom type within the PMA and target, income-eligible, size-appropriate and tenure-appropriate household demand within the PMA.
(B) **Rents.** Provide a separate market rent and subsidized rent conclusion for each proposed unit type (number of bedrooms or net rentable square footage) and rent restriction category. Conclusions of market rents or subsidized rents below the maximum net program rent limit must be well documented.
(i) **Comparable Units.** Identify developments in the PMA with Comparable Units. In Primary Market Areas lacking sufficient rent comparables, it may be necessary for the Market Analyst to collect data from markets with similar characteristics and make quantifiable location adjustments. Provide a data sheet for each development consisting of
(I) Development name,
(II) address,
(III) year of construction and year of rehabilitation, if applicable,
(IV) property condition,
(V) population target,
(VI) unit mix specifying number of bedrooms, number of baths, net rentable square footage and
(-a-) monthly rent, or
(-b-) sales price with terms, marketing period and date of sale,
(VII) description of concessions,
(VIII) list of unit amenities,
(IX) utility structure,
(X) list of common amenities, and
(XI) for rental developments only
(-a-) occupancy, and
(-b-) turnover.
(ii) Provide a scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of the identified developments with Comparable Units.
(iii) **Rent Adjustments.** In support of the market rent and subsidized rent conclusions, provide a separate attribute adjustment matrix for each proposed unit type (number of bedrooms or net rentable square footage) and rental restriction category.
(I) The Department recommends use of HUD Form 92273.
(II) A minimum of three developments must be represented on each attribute adjustment matrix.
(III) Adjustments for concessions must be included, if applicable.
(IV) Total adjustments in excess of 15% must be supported with additional narrative.
(V) Total adjustments in excess of 25% suggest a weak comparable.
(C) **Effective Gross Income.** Provide rental income, secondary income, and vacancy and collection loss projections for the subject derived independent of the Applicant's estimates.
(D) **Demand.** State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components discussed in paragraphs (10)(E)(ii) through (iv) of this subsection.

(E) **Inclusive Capture Rate.** The Market Analyst must calculate inclusive capture rates for the subject Development's proposed program Units, market rate Units, if applicable, and total Units. The Underwriter will adjust the inclusive capture rates to take into account any errors or omissions. To calculate an inclusive capture rate

(i) total

(I) the proposed subject Units,

(II) Comparable Units with priority, as defined in §50.9(e)(2) of this title, over the subject that have made application to TDHCA and have not been presented to the TDHCA Board for decision and

(III) previously approved, but Unstabilized Comparable Units, and

(ii) divide by the total target, income-eligible, size-appropriate and tenure-appropriate household demand stated in subparagraph (D) of this paragraph.

(F) **Absorption.** Project an absorption period for the subject Development to achieve Sustaining Occupancy. State the absorption rate.

(G) **Market Impact.** Provide an assessment of the impact the subject Development, as completed, will have on existing program Developments in the Primary Market (§2306.67055).

(12) **Photographs.** Provide labeled color photographs of the subject Property, the neighborhood, street scenes, and comparables. An aerial photograph is desirable but not mandatory.

(13) **Appendices.** Any Third Party reports including demographics relied upon by the Market Analyst must be provided in appendix form. A list of works cited including personal communications also must be provided, and the Modern Language Association (MLA) format is suggested.

(e) The Department reserves the right to require the Market Analyst to address such other issues as may be relevant to the Department's evaluation of the need for the subject Development and the provisions of the particular program guidelines.

(f) All Applicants shall acknowledge, by virtue of filing an application, that the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst.

§1.34 APPRAISAL RULES AND GUIDELINES

(a) **General Provisions.** Appraisals prepared for the Department must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. Self-contained reports must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions. The report must contain sufficient data, included in the appendix when possible, and analysis to allow the reader to understand the property being appraised, the market data presented, analysis of the data, and the appraiser's value conclusion. The complexity of this requirement will vary in direct proportion with the complexity of the real estate and real estate interest being appraised. The report should lead the reader to the same or similar conclusion(s) reached by the appraiser.

(b) Upon completion of the report, an electronic copy should be transmitted to TDHCA, and an original hard copy must be submitted.

(c) **Value Estimates.**

(1) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables.

(2) Appraisal assignments for new construction are required to provide an "as completed" value of the proposed structures. These reports shall provide an "as restricted with favorable financing" value as well as an "unrestricted market" value.

(3) Reports on Properties to be rehabilitated shall address the "as restricted with favorable financing" value as well as both an "as is" value and an "as completed" value.

(4) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. This separate assessment may be required because their economic life may be shorter than the real estate improvements and may require different lending or underwriting considerations. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

(d) **Date of Appraisal.** The appraisal report must be dated and signed by the appraiser who inspected the property. The date of valuation should not be more than six months prior to the date of application to the Department unless the Department's program rules indicate otherwise.

(e) **Appraiser Qualifications.** The qualifications of each appraiser are determined and approved on a case-by-case basis by the Director of Real Estate Analysis or review appraiser, based upon the quality of the report itself and the experience and educational background of the appraiser, as set forth in the Statement of Qualifications appended to the appraisal. At minimum, a qualified appraiser must be appropriately certified or licensed for the type of appraisal being performed by the Texas Appraiser Licensing and Certification Board.

(f) **Appraisal Contents.** An appraisal prepared for the Department must be organized in a format that follows a logical progression and must include, at minimum, items addressed in paragraphs (1) through (18) of this subsection.

(1) **Title Page.** Include identification as to the type of appraisal submitted (e.g., type of process--complete or limited, type of report--self-contained, summary or restricted), property address and/or location, housing type, the Department addressed as the client or acknowledgement that THDCA is granted full authority to rely on the findings of the report, effective date of value estimate(s), date of report, name and address of person authorizing report, and name and address of appraiser(s).

(2) **Letter of Transmittal.** Include date of letter, property address and/or location, description of property type, extraordinary/special assumptions or limiting conditions that were approved by person authorizing the assignment, statement as to function of the report, statement of property interest being appraised, statement as to appraisal process (complete or limited), statement as to reporting option (self-contained, summary or restricted), reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, identification of type(s) of value(s) estimated (e.g., market value, leased fee value, as-financed value, etc.), estimate of marketing period, signatures of all appraisers authorized to work on the assignment.

(3) **Table of Contents.** Number the exhibits included with the report for easy reference.

(4) **Assumptions and Limiting Conditions.** Include a summary of all assumptions, both general and specific, made by the appraiser(s) concerning the property being appraised. Statements may be similar to those recommended by the Appraisal Institute.

(5) **Certificate of Value.** This section may be combined with the letter of transmittal and/or final value estimate. Include statements similar to those contained in Standard Rule 2-3 of USPAP.

(6) **Disclosure of Competency.** Include appraiser's qualifications, detailing education and experience, as discussed in subsection (e) of this section.

(7) **Identification of the Property.** Provide a statement to acquaint the reader with the property. Real estate being appraised must be fully identified and described by street address, tax assessor's parcel number(s), and Development characteristics. Include a full, complete, legible, and concise legal description.

(8) **Statement of Ownership of the Subject Property.** Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report.

(9) **Purpose and Function of the Appraisal.** Provide a brief comment stating the purpose of the appraisal and a statement citing the function of the report.

(A) **Property Rights Appraised.** Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

(B) **Definition of Value Premise.** One or more types of value (e.g., "as is," "as if," "prospective market value") may be required. Definitions corresponding to the appropriate value must be included with the source cited.

(10) **Scope of the Appraisal.** Address and summarize the methods and sources used in the valuation process. Describes the process of collecting, confirming, and reporting the data used in the assignment.

(11) Regional Area Data. Provide a general description of the geographic location and demographic data and analysis of the regional area. A map of the regional area with the subject identified is requested, but not required.

(12**) Neighborhood Data.** Provide a specific description of the subject's geographical location and specific demographic data and an analysis of the neighborhood. A summary of the neighborhood trends, future Development, and economic viability of the specific area should be addressed. A map with the neighborhood boundaries and the subject identified must be included.

(13) **Site/Improvement Description.** Discuss the site characteristics including subparagraphs (A) through (F) of this paragraph.

(A) **Physical Site Characteristics.** Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

(B) **Floodplain.** Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.

(C) **Zoning.** Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of Development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the Highest and Best Use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. A zoning map should be included.

(D) **Description of Improvements.** Provide a thorough description and analysis of the improvements including size (net rentable area, gross building area, etc.), number of stories, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

(E) **Fair Housing.** It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and/or report any accommodations (e.g., wheelchair ramps, handicap parking spaces, etc.) which have been performed to the property or may need to be performed.

(F) **Environmental Hazards.** It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection.

(14) **Highest and Best Use.** Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider paragraph (13)(A) through (F) of this subsection as well as a supply and demand analysis.

(A) The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

(B) The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements in appropriate order as outlined in the Appraisal of Real Estate (legally permissible, physically possible, feasible, and maximally productive) must be sequentially considered.

(15) **Appraisal Process.** The Cost Approach, Sales Comparison Approach and Income Approach are three recognized appraisal approaches to valuing most properties. It is mandatory that all three approaches are considered in valuing the property unless specifically instructed by the Department to ignore one or more of the approaches; or unless reasonable appraisers would agree that use of an approach is not applicable. If an approach is not applicable to a particular property, then omission of such approach must be fully and adequately explained.

(A) **Cost Approach.** This approach should give a clear and concise estimate of the cost to construct the subject improvements. The type of cost (reproduction or replacement) and source(s) of the cost data should be reported.

(i) Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

(ii) All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements analysis.

(iii) The land value estimate should include a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use. Comparable sales information should include address, legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, three year sales history, and adequate description of property transferred. The final value estimate should fall within the adjusted and unadjusted value ranges. Consideration and appropriate cash equivalent adjustments to the comparable sales price for subclauses (I) though (VII) of this clause should be made when applicable.

(I) Property rights conveyed.

(II) Financing terms.

(III) Conditions of sale.

(IV) Location.

(V) Highest and best use.

(VI) Physical characteristics (e.g., topography, size, shape, etc.).

(VII) Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

(B) **Sales Comparison Approach.** This section should contain an adequate number of sales to provide the reader with the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) Minimum content of the sales should include address, legal description, tax assessor's parcel number(s), sale price, financing considerations, and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) Several methods may be utilized in the Sale Comparison Approach. The method(s) used must be reflective of actual market activity and market participants.

(I) **Sale Price/Unit of Comparison.** The analysis of the sale comparables must identify, relate and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions and physical features. Sufficient narrative analysis must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable. The appraiser(s) reasoning and thought process must be explained.

(II) **Potential Gross Income/Effective Gross Income Analysis.** If used in the report, this method of analysis must clearly indicate the income statistics for the comparables. Consistency in the method for which such economically statistical data was derived should be applied throughout the analysis. At least one other method should accompany this method of analysis.

(III) **NOI/Unit of Comparison.** If used in the report, the net income statistics for the comparables must be calculated in the same manner and disclosed as such. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

(C) **Income Approach.** This section is to contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

(i) **Market Rent Estimate/Comparable Rental Analysis.** This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental units. The comparables must indicate current research for this specific property type. The rental comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The minimum content of the individual data sheets should include property address, lease terms, description of the property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) **Comparison of Market Rent to Contract Rent.** Actual income for the subject along with the owner's current budget projections must be reported, summarized and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) **Vacancy/Collection Loss.** Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparable and overall occupancy data for the subject's Primary Market.

(iv) **Expense Analysis.** Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. Historical data regarding the subject's assessment and tax rates should be included. A statement as to whether or not any delinquent taxes exist should be included.

(v) **Capitalization.** Several capitalization methods may be utilized in the Income Approach. The appraiser should present the method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) **Direct Capitalization.** The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) **Yield Capitalization (Discounted Cash Flow Analysis).** This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

(16) **Reconciliation and Final Value Estimate.** This section of the report should summarize the approaches and values that were utilized in the appraisal. An explanation should be included for any approach which was not included. Such explanations should lead the reader to the same or similar conclusion of value. Although the values for each approach may not "agree", the differences in values should be analyzed and discussed. Other values or interests appraised should be clearly labeled and segregated. Such values may include FF&E, leasehold interest, excess land, etc. In addition, rent restrictions, subsidies and incentives should be explained in the appraisal report and their impact, if any, needs to be reported in conformity with the Comment section of USPAP Standards Rule 1-2(e), which states, "Separation of such items is required when they are significant to the overall value." In the appraisal of subsidized housing, value conclusions that include the intangibles arising from the programs will also have to be analyzed under a scenario without the intangibles in order to measure their influence on value.

§1.36 PROPERTY CONDITION ASSESSMENT GUIDELINES

(a) **General Provisions.** The objective of the Property Condition Assessment (the PCA) is to provide cost estimates for repairs, ~~and~~ replacements, or new construction which are: immediately necessary; proposed by the developer; and expected to be required throughout the term of the regulatory period. The PCA prepared for the Department should be conducted and reported in conformity with the American Society for Testing and Materials "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (b) and (c) of this section. The PCA must include discussion and analysis of the following:

(1) **Useful Life Estimates.** For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived.

(2) **Code Compliance.** The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property.

(3) **Program Rules.** The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points.

(4) **Cost Estimates for Repair and Replacement.** It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction and consistency of the total immediately necessary and proposed repair and replacement cost estimates with the development cost schedule submitted as an exhibit of the Application.

(A) **Immediately Necessary Repairs and Replacement.** Systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards should be considered immediately necessary repair and replacement. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) **Proposed Repair, ~~and~~ Replacement, or New Construction.** If the development plan calls for additional repair, ~~and~~ replacement, or new construction above and beyond the immediate repair and replacement described in subparagraph (A) of this paragraph, such items must be identified and the nature or source of obsolescence or improvement to the operations of the Property discussed. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or new construction ~~maintenance of each system or component~~ which is identified as being ~~an~~ above and beyond the immediate need, citing the basis or the source from which such cost estimate is derived.

(C) **Expected Repair and Replacement Over Time.** The term during which the PCA should estimate the cost of expected repair and replacement over time must equal the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the property. The PCA must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The PCA must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(b) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

(1) Fannie Mae's criteria for Physical Needs Assessments,

(2) Federal Housing Administration's criteria for Project Capital Needs Assessments,

(3) Freddie Mac's guidelines for Engineering and Property Condition Reports,

(4) TX-USDA-RHS guidelines for Capital Needs Assessment, or

(5) Standard and Poor's Property Condition Assessment Criteria: Guidelines for Conducting Property Condition Assessments, Multifamily Buildings.

(c) The Department may consider for acceptance reports prepared according to other standards which are not specifically named above in subsection (b) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.
(d) The PCA shall be conducted by a Third Party at the expense of the Applicant, and addressed to TDHCA as the client. Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The PCA report should also include a statement that the person or company preparing the PCA report will not materially benefit from the Development in any other way than receiving a fee for performing the PCA. The PCA should be signed and dated by the Third Party report provider not more than six months prior to the date of the application.

§1.37 RESERVE FOR REPLACEMENT RULES AND GUIDELINES

(a) **General Provisions.** The Department will require Developments to provide regular maintenance to keep housing sanitary, safe and decent by maintaining a reserve for replacement in accordance with §2306.186. The reserve must be established for each unit in a Development of 25 or more rental units, regardless of the amount of rent charged for the unit. The Department shall, through cooperation of its divisions responsible for asset management and compliance, ensure compliance with this section.
(b) The First Lien Lender shall maintain the reserve account through an escrow agent acceptable to the First Lien Lender to hold reserve funds in accordance with an executed escrow agreement and the rules set forth in this section and §2306.186.
(1) Where there is a First Lien Lender other than the Department or a Bank Trustee as a result of a bond indenture or tax credit syndication, the Department shall
(A) Be a required signatory party in all escrow agreements for the maintenance of reserve funds;
(B) Be given notice of any asset management findings or reports, transfer of money in reserve accounts to fund necessary repairs, and any financial data and other information pursuant to the oversight of the Reserve Account within 30 days of any receipt or determination thereof;
(C) Subordinate its rights and responsibilities under the escrow agreement, including those described in this subsection, to the First Lien Lender or Bank Trustee through a subordination agreement subject to its ability to do so under the law and normal and customary limitations for fraud and other conditions contained in the Department's standard subordination clause agreements as modified from time to time, to include subsection (c) of this section.
(2) The escrow agreement and subordination agreement, if applicable, shall further specify the time and circumstances under which the Department can exercise its rights under the escrow agreement in order to fulfill its obligations under §2306.186 and as described in this section.
(3) Where the Department is the First Lien Lender and there is no Bank Trustee as a result of a bond indenture or tax credit syndication or where there is no First Lien Lender but the allocation of funds by the Department and §2306.186 requires that the Department oversee a Reserve Account, the Owner shall provide at their sole expense for appointment of an escrow agent acceptable to the Department to act as Bank Trustee as necessary under this section. The Department shall retain the right to replace the escrow agent with another Bank Trustee or act as escrow agent at a cost plus fee payable by the Owner due to breach of the escrow agent's responsibilities or otherwise with 30 days prior notice of all parties to the escrow agreement.
(c) If the Department is not the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet a signed certification by the First Lien Lender including:
(1) Reserve for replacement requirements under the first lien loan agreement;
(2) Monitoring standards established by the First Lien Lender to ensure compliance with the established reserve for replacement requirements; and
(3) A statement by the First Lien Lender
(A) That the Development has met all established reserve for replacement requirements; or
(B) Of the plan of action to bring the Development in compliance with all established reserve for replacement requirements, if necessary.
(d) If the Development meets the minimum unit size described in subsection (a) of this section and the establishment of a Reserve Account for repairs has not been required by the First Lien Lender or Bank Trustee, each Owner receiving Department assistance for multifamily rental housing shall set aside the repair reserve amount as described in subsection

(e)(1) through (3) of this section through the date described in subsection (f)(2) of this section through the appointment of an escrow agent as further described in subsection (b)(3) of this section.
(e) If the Department is the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall deposit annually into a Reserve Account through the date described in subsection (f)(2) of this section:
(1) For new construction Developments:
(A) Not less than $150 per unit per year for units one to five years old; and
(B) Not less than $200 per unit per year for units six or more years old.
(2) For rehabilitation Developments:
(A) An amount per unit per year established by the Department's division responsible for credit underwriting based on the information presented in a Property Condition Assessment in conformance with §1.36 of this subchapter; and
(B) Not less than $300 per unit per year.
(3) For either new construction or rehabilitation Developments, the Owner of a multifamily rental housing Development shall contract for a third-party Property Condition Assessment meeting the requirements of §1.36 of this subchapter and the Department will reanalyze the annual reserve requirement based on the findings and other support documentation.
(A) A Property Condition Assessment will be conducted:
(i) At appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or
(ii) At least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the Development by the Department, if the Department is the First Lien Lender or the First Lien Lender does not require a third-party Property Condition Assessment.
(B) Submission by the Owner to the Department will occur within 30 days of completion of the Property Condition Assessment and must include:
(i) The complete Property Condition Assessment;
(ii) First Lien Lender and/or Owner response to the findings of the Property Condition Assessment;
(iii) Documentation of repairs made as a result of the Property Condition Assessment; and
(iv) Documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment.
(f) A Land Use Restriction Agreement or restrictive covenant between the Owner and the Department must require:
(1) The Owner to begin making annual deposits to the reserve account on the later of:
(A) The date that occupancy of the Development stabilizes as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date the property is at least 90% occupied; or
(B) The date that permanent financing for the Development is completely in place as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date when the permanent loan is executed and funded.
(2) The Owner to continue making deposits until the earliest of the following dates:
(A) The date on which the Owner suffers a total casualty loss with respect to the Development;
(B) The date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored;
(C) The date on which the Development is demolished;
(D) The date on which the Development ceases to be used as a multifamily rental property; or
(E) The later of
(i) The end of the affordability period specified by the Land Use Restriction Agreement or restrictive covenant; or
(ii) The end of the repayment period of the first lien loan.
(g) The duties of the Owner of a multifamily rental housing Development under this section cease on the date of a change in ownership of the Development; however, the subsequent Owner of the Development is subject to the requirements of this section.
(h) If the Department is the First Lien Lender with respect to the Development or the First Lien Lender does not require establishment of a Reserve Account, the Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet:
(1) Financial statements, audited if available, with clear identification of the replacement Reserve Account balance and all capital improvements to the Development within the fiscal year;
(2) Identification of costs other than capital improvements funded by the replacement Reserve Account; and
(3) Signed statement of cause for:
(A) Use of replacement Reserve Account for expenses other than necessary repairs, including property taxes or insurance;
(B) Deposits to the replacement Reserve Account below the Department's or First Lien Lender's mandatory levels as defined in subsections (c), (d) and (e) of this section; and
(C) Failure to make a required deposit.

(17) **Marketing Period.** Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(18) **Photographs.** Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(g) **Additional Appraisal Concerns.** The appraiser(s) must recognize and be aware of the particular TDHCA program rules and guidelines and their relationship to the subject's value. Due to the various programs offered by the Department, various conditions may be placed on the subject which would impact value. Furthermore, each program may require that the appraiser apply a different set of specific definitions for the conclusions of value to be provided. Consequently, as a result of such criteria, the appraiser(s) should be aware of such conditions and definitions and clearly identify them in the report.

§1.35 ENVIRONMENTAL SITE ASSESSMENT RULES AND GUIDELINES

(a) **General Provisions.** The Environmental Site Assessments (ESA) prepared for the Department should be conducted and reported in conformity with the standards of the American Society for Testing and Materials. The initial report should conform with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E 1527). Any subsequent reports should also conform to ASTM standards and such other recognized industry standards as a reasonable person would deem relevant in view of the Property's anticipated use for human habitation. The environmental assessment shall be conducted by a Third Party environmental professional at the expense of the Applicant, and addressed to TDHCA as a User of the report (as defined by ASTM standards). Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The ESA report should also include a statement that the person or company preparing the ESA report will not materially benefit from the Development in any other way than receiving a fee for performing the Environmental Site Assessment, and that the fee is in no way contingent upon the outcome of the assessment .

(b) In addition to ASTM requirements, the report must

(1) State if a noise study is recommended for a property and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise;

(2) Provide a copy of a current survey, if available, or other drawing of the site reflecting the boundaries and adjacent streets, all improvements on the site, and any items of concern described in the body of the environmental site assessment or identified during the physical inspection;

(3) Provide a copy of the current FEMA Flood Insurance Rate Map showing the panel number and encompassing the site with the site boundaries precisely identified and superimposed on the map.

(4) Provide a narrative determination of the flood risk for the proposed Development described in the narrative of the report includes a discussion of the impact of the 100-year floodplain on the proposed Development based upon a review of the current site plan;

(5) State if testing for asbestos containing materials (ACMs) would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(6) State if testing for Lead Based Paint would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(7) State if testing for lead in the drinking water would be required pursuant to local, state, and federal laws, or recommended due to any other consideration; and

(8) Assess the potential for the presence of Radon on the property, and recommend specific testing if necessary.

(c) If the report recommends further studies or establishes that environmental hazards currently exist on the Property, or are originating off-site but would nonetheless affect the Property, the Development Owner must act on such a recommendation or provide a plan for either the abatement or elimination of the hazard. Evidence of action or a plan for the abatement or elimination of the hazard must be presented upon Application submittal.

(d) For Developments which have had a Phase II Environmental Assessment performed and hazards identified, the Development Owner is required to maintain a copy of said assessment on site available for review by all persons which either occupy the Development or are applying for tenancy.

(e) For Developments in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(f) Those Developments which have or are to receive first lien financing from HUD may submit HUD's environmental assessment report, provided that it conforms with the requirements of this subsection.

(i) If a request for extension or waiver is not approved by the Department, Department action, including a penalty of up to $200 per dwelling unit in the Development and/or characterization of the Development as Materially Non-Compliant, as defined in §60.1 of this title, may be taken when:
(1) A Reserve Account, as described in this section, has not been established for the Development;
(2) The Department is not a party to the escrow agreement for the Reserve Account;
(3) Money in the Reserve Account
(A) Is used for expenses other than necessary repairs, including property taxes or insurance; or
(B) Falls below mandatory deposit levels;
(4) Owner fails to make a required deposit;
(5) Owner fails to contract for the third party Property Condition Assessment as required under subsection (e)(3) of this section; or
(6) Owner fails to make necessary repairs, as defined in subsection (k) of this section.
(j) On a case by case basis, the Department may determine that the money in the Reserve Account may:
(1) Be used for expenses other than necessary repairs, including property taxes or insurance, if:
(A) Development income before payment of return to Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and
(B) The funds withdrawn from the Reserve Account are replaced as cashflow after payment of expenses, but before payment of return to Owner or developer fee is available.
(2) Fall below mandatory deposit levels without resulting in Department action, if:
(A) Development income after payment of operating expenses, but before payment of return to Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and
(B) Subsequent deposits to the Reserve Account exceed mandatory deposit levels as cashflow after payment of operating expenses, but before payment of return to Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.
(k) The Department or its agent may make repairs to the Development if the Owner fails to complete necessary repairs indicated in the submitted Property Condition Assessment or identified by physical inspection. Repairs may be deemed necessary if the Development is notified of the Owner's failure to comply with federal, state and/or local health, safety, or building code.
(1) Payment for necessary repairs must be made directly by the Owner or through a replacement Reserve Account established for the Development under this section.
(2) The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs.
(l) This section does not apply to a Development for which the Owner is required to maintain a Reserve Account under any other provision of federal or state law.

asides throughout the state.

Section 50.7(b) for set asides. On this item, we'd like some further clarification placed in the final version of the QAP regarding consulting fees.

While we understand that the proposed language change would require that deals in the nonprofit set aside allow at least 80 percent of the developer fees to go to the nonprofit applicant, we are unclear as to whether or not the nonprofit applicant will allow -- will be allowed to pay consulting fees that amount to greater than 20 percent of the developer fees.

If this is the intent of the change, we ask that language be added to that effect. If this is not the intent, we would also request further clarification to that effect as currently the real estate analysis division considers all consulting fees part of the developer fee for underwriting carry over and cost certification purposes.

And if I could pause here real quick, Brooke, and maybe you could address that little bit. Is the intent to include consulting fees in that?

MS. BOSTON: To be candid, I don't know.

MR. BOWLING: Okay.

MS. BOSTON: It was a suggestion that we got from TACDC and they had asked that we propose that. They represent a huge group of nonprofits. So we were doing that to be proactive for them. We knew we would get public comment on it and I think that is an excellent question.

MR. BOWLING: Okay.

MS. BOSTON: And we'll make sure to put the clarity in there.

MR. BOWLING: Okay. Because from --

MS. BOSTON: That's great.

MR. BOWLING: -- where I stand, we're getting into doing some consulting work for nonprofits, and I guess my opinion either way would be I can adjust either way. However, I wouldn't be able probably to do any small consulting deals for nonprofits if it's based purely on a percentages of the developer fee.

I would probably, like I do now, have a flat fee regardless of the size of the project. And I think maybe that goes against maybe the best interest of both the program and the nonprofit, because, like the nonprofit that I'm consulting for this year, they identified, and I also recommended, that they start with a 36 unit deal. They get the extra points and really that way they don't overwhelm themselves with a bunch of compliance issues, as they're just getting into the tax credit arena.

MS. BOSTON: Right.

MR. BOWLING: My next item is -- and I know you have a plane to catch, and I'm --

MS. PEINADO: Okay.

MS. BOSTON: Take your time.

MR. BOWLING: Okay.

MS. BOSTON: That's why we're here.

MR. BOWLING: Okay. Section 50.9(h)(7)(a)(3)(2)(b)(1) is identify of interest transactions for land.

We support these changes regarding recognizable cost to be allowed in a identify of interest land transaction. However, we believe the language should go further to specifically allow for increased values due to zoning changes.

Currently, if a land owner owns a parcel of land that was zoned agricultural or residential when acquired, the acquisition costs plus only basis costs are acknowledged for underwriting carry over and cost certification purposes.

If a land owner chooses to rezone a parcel of land to apartment or commercial zoning in a desirable part of a city, the current TDHCA policy discourages the land owner from placing that parcel into a tax credit deal because any value added purely from the rezoning is rejected by the department.

Therefore, the current TDHCA policy discourages developers from putting more valuable parcels of land into tax credit deals, because the developer cannot realize the true value of the parcel of his or her land in the transaction. This policy is not in the best interest of the program, as many deals are not presented on more valuable parcels of land due to this current TDHCA policy.

And I had some experience with that on a parcel of land that I submitted that my family had owned for like 15 years. And our basis was really low, but when we bought it it was zoned residential.

I think there's some inherent value that's added when you go from ag or residential to commercial or apartment zoning. And there's really no mechanism right now to recognize that.

So I mean, from my, again, personal anecdotal, we've got parcels like that right now that are desirable tracts in El Paso, and we're reluctant to put them in tax credit deals because I can't realize their full market value by putting them in a tax credit deal.

The next item is on tie breakers, 50.9(I). The

Good Morning –

My name is Debra Guerrero – The NRP Group LLC, 111 Soledad, Suite 1220, San Antonio, Texas 78205

First and foremost I want to complement the TDHCA staff for all of the hard work and effort that was put into ensuring that the LIHTC program for 2005 run smoothly. Your team did an excellent job!

Overall the draft 2006 QAP does not appear to stray too far from the 2005 version, with a few exceptions where attempts to address concerns and issues that arose in 2005 may be too limiting and require clarification.

In general, we wholeheartedly <u>support</u> the proposed definition of ineligible building types that includes the option for 4 bedroom units. We have found that in our San Antonio community this is an important need.

At the same time we would ask that the <u>$7,500 limit for site work be raised to a higher amount of between $9,000 to $11,000</u> to reflect the reality of the condition of current multi-family sites available for development (i.e. need for rezoning and greater due diligence). This amount has not increased since at least 2003 or longer. Even though third party engineer verification allows for use of a higher amount it would be more efficient to propose a higher amount initially and eliminate unneeded administrative work.

Some specific sections that we feel need some revisions include the following:

50.7(b)(1) Set Asides specifically the non- profit requirement. We <u>do not</u> support the proposed language. This addition in fact limits the number of non-profits that will be able to participate in the LIHTC program. And the language will only benefit a "handful" of the best capitalized non-profits around the state. Many non-profit groups do not have the capability to provide the financial guarantees necessary to develop these large housing projects, however they do benefit significantly in a partnership with an experienced co-developer. We ask that you leave the current 2005 language for this section which would allow the non-profit to obtain much needed revenue and experience with limited liability.

50.8(d)(3)(B) and 50.9(h)(8)(A)(ii)(I) Notification of "other impacted homeowner's associations." There is no clear definition of this proposed addition and we would <u>recommend deletion</u>. The 2005 QAP allowed for substantial and relevant comment and involvement for neighborhood organizations whose boundaries included the proposed tax credit development. It appears that there was more community/neighborhood involvement than ever before.

on that comment until the HOME fund section?

MS. BOSTON: That would be great.

MR. SISK: Okay. Let's see. Well, just one other comment on the homeowners' association. And you probably have had other comments from other developers.

But homeowners' associations may have no objection whatsoever to developments, but getting the support from that organization -- it's difficult, as you know, sometimes to get support even though there's absolutely no objections to it. Getting the support from some of these homeowners' associations to say, "Yes, we'd love to have this new multifamily development in our area," is somewhat problematic.

And I think that there's several or possibly a number of locations that would be well suited where there is no opposition, but it also would be difficult to find truly a strong support letter that would meet the letter of the law in this section.

And then I have one comment under the underwriting for Tom Gouris and his staff. Recently, I noticed in the Dallas Central Appraisal District that they lowered -- they're using, I believe, an 8-1/2 percent cap rate, versus the 11 percent cap rate that we had been using, for estimating property taxes in the Dallas County area. And we've turned that over to some of our consultants, but we'd appreciate any help TDHCA could be in trying to monitor that, because it's hard enough to make deals work today without a substantial increase in property taxes on tax credit deals.

And I think that's it. Thank you.

MS. CARPENTER: Thank you.

We have one other commenter: Ms. Sarah Anderson.

MS. ANDERSON: Good afternoon. My name is Sarah Anderson, and I'm representing myself, S. Anderson Consulting. I have a couple of comments and just a couple of things I wanted to get on record related to the QAP.

First off, I'd like to support the comments that came in from TAP at the Board meeting related to the QAP and just reiterate my support for those issues. I would like to throw out a question -- and I know this isn't a question-and-answer, but -- just to get it on record.

The question related to the local political subdivision funding and whether or not -- we know that last year housing finance corporations were accepted as local political subdivisions, but I just wanted to have it clarified that that also included multi-jurisdictional

Public Comment on the Draft Compliance Policies and Procedures

The Department received only two comments concerning the proposed changes to the Compliance Rules, both at public hearings. One commenter spoke to the Compliance Rules, the other commenter made general comments concerning HOME applications. This document provides the Department's response to both comments.

I. § 60.9 Reporting

Excerpted from the transcript of the Mt. Pleasant Public Hearings:
MS. CARPENTER: I believe we did have one comment on the compliance monitoring policies and procedures.

MS. GAINES-BRYSON: I'm Loretta Gaines-Bryson, again, from Pilgrims Pride Affordable Housing, Walker Creek Village.

And I would like to comment on this. I attend several meetings that you offer for TDHC policy and training yearly, and I would like to see our computerized training—but now we do the TDHC online as of last year. And I think it would be helpful to us in the field if we could offer a user friendly class specifically designated toward computer training. So in addition to myself, if I have an assistant or whatever, or new people that we would be hiring for increasing our growth, we could offer computer training to everyone. And the other thing I would like to offer is the acceptance of software that's out there for our TDHC properties, such as FQHC that I use, our online software that we use daily.

If we could somehow do a link to upload our daily/monthly information, that would make it so much user friendly, and you would have accurate figures every month then instead of just once a year, to make sure that we're putting in people that do comply for our ticks that we do. And if we could accept that monthly, that would make the procedure go so much easier for both of us, I think.

MS. CARPENTER: Okay. Thank you.

MS. GAINES-BRYSON: Thank you.

Response to Pilgrims Pride Affordable Housing:

1. The suggestion that the Department offer training in the computer system used by on site and management personnel has been raised before. The database administrator with day-to-day oversight of the Compliance Monitoring and Tracking System is developing a class in CMTS usage.

2. The Department is working with the various software vendors to make data entered on an individual site's system "readable" by CMTS. Each vendor is responsible for developing an interface that allows this sharing of data. So far, five software vendors have coordinated with the Department to adapt their applications to work with CMTS.

3. CMTS can be updated at any time a property or management company wants to. There is no requirement that the new data be uploaded except for annual reports, any required monthly or quarterly reports, and when requested to prepare for an onsite review. However, the Compliance Division does not have adequate staff to review the data on a monthly basis—it is the responsibility of the personnel entering the changes to ensure accuracy.

II. Site Evaluation Process

Excerpted from the transcript of the Midland Public Hearings:

MR. DIAZ: I just wanted to make you—David Diaz again, from Midland Community Development Corp. make you aware of a situation whereby maybe something needs to be changed with regards to environmental site reviews. I can tell you of a particular case where a particular address that was to be developed by our organization required a total of three separate site reviews, environmental site reviews. Initially the property was owned by the City of Midland. The City of Midland did an initial site evaluation. The City then donated the land to us, and we developed it, and we had to get a separate site environmental review, simply because the one that was done prior by the City was done under a different contract, and our contract directly with the State was a totally different contract. So perhaps it needs to be done in a manner of the environmental review stays with the property, not necessarily with the contract.

MR. SCHOTTMAN: Was that a Tax Credit
application or…

MR. DIAZ: No. It was for a HOME Program, single-family. So when we got hold of it, we did a city wide clearance. Okay. We submit documentations to start developing, and then we're told, Well, now you need a site-specific, even though that we had city-wide clearance on all the properties. So things of that nature could be done to help expedite and make things simpler for people on our end.

MR. SCHOTTMAN: Was that done through the portfolio management or through the real estate analysis? It sounds like maybe it was during …..

MR. DIAZ: Portfolio management.

MR. SCHOTTMAN: -- portfolio management. Okay.
I'll add to that their section's comments then. Okay.
Great.

MR. DIAZ: Thank you.

Response to CDC Midland

1. Environmental site reviews vary depending on factors affecting the proposed Home Investment Partnerships Program (HOME) project. One factor is the Administrator role. A City or County is designated as the Responsible Entity (RE) whereas the Department acts as the RE for Nonprofits, For Profits and Public Housing Authorities for environmental clearance.

   The U. S. Dept. of Housing and Urban Development (HUD) environmental requirements for the City of Midland (a unit of general local government) were different from environmental requirements for Midland Community Development Corporation (a CHDO Nonprofit), therefore the initial environmental clearance by the City of Midland was not complete, and required documentation indicating new authorized signatures. This was required due to the change in the Responsible Entity.

2. Midland Community Development Corporation (CDC) changed its role from a Non-CHDO to a CHDO Administrator during the environmental process. This change required the Texas Department of Housing and Community Affairs (TDHCA/Department) to apply the appropriate procedures outlined in 24 CFR Part 58 to Midland CDC to ensure program compliance with the intent of the National Environmental Policy Act (NEPA) and other related statutes. The Department is required to act as the RE for Midland CDC.

3. In accordance with 24 CFR Part 58 (Sec.58.15) Midland CDC tiered (2-step process) their environmental review. The first step allowed Midland CDC to complete a City-wide clearance in July 2004. During this first step, many of the lots triggered the requirement of noise mitigation (The 1st set of site specific assessments were performed and left incomplete pending mitigation.). Midland CDC completed the noise mitigation requirements in January 2005. However, Midland CDC did not submit the documentation until April 7th, 2005. The Department environmentally cleared the sites on April 11th, 2005

PUBLIC COMMENT REFERENCES

Name:	Affiliation:
Loretta Gaines-Bryson	Pilgrims Pride Affordable Housing
David Diaz	Midland Community Development Corp

PORTFOLIO MANAGEMENT AND COMPLIANCE

BOARD ACTION REQUEST
November 10, 2005

<u>Action Item</u>

Final Compliance Monitoring Policies and Procedures

Required Actions

1. Adoption of repeal of Title 10, Texas Administrative Code, Part 1, Chapter 60, Subchapter A, Section 60.1, Texas Administrative Code- Compliance Monitoring.

2. Adoption of New Title 10, Texas Administrative Code, Part 1, Chapter 60, Subchapter A, Texas Administrative Code, Compliance Monitoring, Sections 60.1- 60.22, Texas Administrative Code-Compliance Monitoring Policies and Procedures.

<u>Background and Recommendations</u>

At the August 19, 2005 Board Meeting, the Board approved the Proposed New Rules, Title 10, Part 1, Chapter 60, Subchapter A, §§60.1-60.22—Compliance Monitoring Policies & Procedures. The proposed repeal of the existing Compliance Rule Title 10, Texas Administrative Code, Part 1, Chapter 60, Subchapter A, Section 60.1, Texas Administrative Code- Compliance Monitoring was also approved. The proposed repeal and proposed new rules were published in the *Texas Register* on September 2, 2005 for the public to provide comments. In order to receive additional comments on all proposed rules, the Texas Department of Housing and Community Affairs staff held public hearings in all thirteen regions of the State. Public comment was taken during the public hearings. Comments were also received by email or in writing.

Attached are the comments made during the public hearings and the responses from Department staff. No other comments were received. Staff recommends no changes to the proposed rules in response to the public comments; staff recommends adoption of the new rules as attached.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

2006 Compliance Monitoring Policies and Procedures

Title 10, Part 1, Chapter 60 Texas Administrative Code

Texas Administrative Code

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
SUBCHAPTER A COMPLIANCE MONITORING

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~~§60.1~~

§~~(a)~~60.1 Purpose~~.~~

The Department monitors rental developments receiving assistance under the Housing Tax Credit -program (HTC), the HOME Investment Partnerships program (HOME), the Tax Exempt ~~Bond program~~Bond program (BOND), the Housing Trust Fund program (HTF), and the Federal Deposit Insurance Corporation's Affordable Housing Program (AHP) (formerly the Resolution Trust Corporation's Affordable Housing Disposition Program). Compliance monitoring begins with the commencement of construction and continues to the end of the long term Affordability Period. The Portfolio Management and Compliance Division (PMC) monitors to ensure owners comply with the program rules and regulations, Chapter 2306, ~~of the~~ Texas Government Code, the Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the application or award of funds by the Department. ~~The Portfolio Management and Compliance Division~~PMC's processes, eligibility procedures, forms, and- additional programmatic details are set out in individual program regulations and in the *Owner's Compliance Manual(s)* prepared by ~~the Portfolio Management and Compliance Division~~PMC, as amended from time to time. The rules under this section address processes, reports and records that are required to facilitate the Department's monitoring of a Development for compliance with a program's federal and state rules and regulations. These rules do not address forms and other records that may be required of Development Owners by the Internal Revenue Service (IRS) or other governmental entities more generally, whether for purposes of filing annual returns or supporting Development Owner tax positions during an IRS or other governmental audit.

§~~(b)~~ 60.2 Definitions~~.~~

The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Affordability Period**--~~.~~ t~~T~~he affordability period commences as specified- in the LURA, or federal regulation or commences on the first day of the compliance period as defined by §42(i)(1) of the Internal Revenue Code (IRC) and continues through the appropriate program's affordability requirements or termination of the LURA, ~~which ever~~whichever is later. The term of the affordability period shall be imposed by LURA or other deed restriction and may be terminated upon foreclosure. During this period the Department shall monitor to ensure compliance with programmatic rules, regulations and application representations.

(2) **Board**-- ~~means~~ the governing board of the Texas Department of Housing and Community Affairs.

(3) **Department** ~~means~~--the Texas Department of Housing and Community Affairs, an official and public agency of the State of Texas pursuant to Chapter 2306, ~~of the Texas~~Texas Government Code.

(4) **Development** ~~means~~--a 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 Chapter 2306, Texas Government Code, 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;

(B) single and multifamily dwellings in rural, urban/ ~~and~~ exurban areas; and

(C) a proposed qualified low income housing project, as defined by Section 42(g), ~~Internal Revenue Code~~ of the IRC 1986 (26 U.S.C. §42(g)), that consists of one or more buildings containing multiple units, that is financed under a common plan, and that is owned by the same ~~person~~ person(s) for federal tax purposes, including a project consisting of multiple buildings that are located on scattered sites and contain only rent-restricted units.

(5) **Low Income Unit** ~~means~~ --a unit that is intended for occupancy by an income eligible household.

(6) **Land Use Restriction Agreement (LURA)**--~~.~~ a~~A~~n agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest, that encumbers the Development with respect to the requirements of this ~~sub~~chapter; Chapter 2306, Texas Government Code; the ~~Internal Revenue Code~~IRC, §~~Section~~ 42 of the IRC; and the requirements of the various programs administered or funded by the Department.

(7) **Material ~~Non-Compliance~~Noncompliance**--~~. A~~ ~~Housing Tax Credit~~a HTC development located within the state of Texas will be classified by the Department as being in material ~~non-compliance~~noncompliance status if the ~~non-compliance~~noncompliance score for such development is equal to or exceeds a threshold of 30 points in accordance with the material ~~non-compliance~~noncompliance provisions, methodology, and point system of this title or, if the ~~Housing Tax Credit~~HTC -development is located outside the state of Texas, and ~~non-compliance~~noncompliance is reported to the Department that would be equal to or exceed a ~~non-compliance~~noncompliance threshold score of 30 points if measured in accordance with the methodology and point system set forth in this subsection. Non ~~Housing Tax Credit~~HTC Developments monitored by the Department with 1 to 50 low income units will be classified as being in material noncompliance status if the noncompliance score is equal to or exceeds a threshold of 30 points. Non ~~Housing Tax Credit~~HTC Developments monitored by the Department with 51 to 200 low income units will be classified as being in material noncompliance status if the noncompliance score is equal to or exceeds a threshold of 120 points. Non ~~Housing Tax Credit~~HTC

Developments monitored by the Department with 201 or more low income units will be classified as being in material noncompliance status if the noncompliance score is equal to or exceeds a threshold of 150 points. For all programs, a Development will be in material noncompliance if the noncompliance is stated in ~~subsection (r)~~ Section 60.18 of this ~~section~~ chapter to be material noncompliance.

(8) **Unit**~~.~~ --a~~A~~ny residential rental unit in a 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)~~60.3 ~~Construction~~ Development I~~i~~nspections~~.~~

The Department, through ~~the Portfolio Management and Compliance~~ PMC ~~Division~~, shall ~~monitor~~ conduct inspections during the construction and rehabilitation process and at final construction completion to monitor for compliance with all program requirements, including construction threshold criteria and application Development characteristics associated with any Development funded or administered by the Department. ~~Construction~~ Development inspections will be conducted by the Department or by an independent third party inspector acceptable to the Department and will ~~also monitor for material and workmanship quality during the construction process~~include a construction quality evaluation. (§2306.081, Texas Government Code)

(1) ~~Construction i~~Inspection procedures for HTC Developments include:

(A) A review of the evidence of commencement of substantial construction. The minimum activity necessary to meet the requirement of substantial construction for new Developments will be defined as having expended 10% of the construction contract amount for the Development, adjusted for any change orders, and as documented by both the most recent Application and Certification for Payment (or equivalent) and the inspecting architect. The minimum activity necessary to meet the requirement of substantial construction for rehabilitation Developments will be defined as having expended 10% of the construction budget as documented by the inspecting architect. Evidence of such activity shall be provided in a format prescribed by the Department.

(~~A~~B) An ~~mid-~~interim ~~construction~~ development inspection to be conducted ~~the earlier of when~~within two years of the award.

~~(i) 25% of the total number of Development buildings are at least 30% completed and are at a post-wiring/pre-sheetrock stage, or~~

~~(ii) 40% of the construction contract amount for the Development adjusted for any change orders has been expended as documented by an inspecting architect.~~

~~(iii) Evidence of such activity must be submitted within thirty days of clause (i) or clause (ii) of this subparagraph being reached and shall be provided in a format prescribed by the Department.~~

(~~B~~C) A final Development inspection performed at construction completion~~the time the Development is placed in service~~. Evidence of ~~such activity~~construction completion must be submitted within thirty days of completion and shall be provided in a format prescribed by the Department.

(2) ~~Construction~~ Development inspection procedures for non-HTC multifamily Developments include:

~~(A) A plan review performed by the Department or by an independent third party plan reviewer acceptable to the Department. The plan review will confirm inclusion of construction program requirements and Development characteristics identified at application. The plan review must be completed prior to the borrower or grantee obtaining a Notice to Proceed with Construction.~~

(A~~B~~) An initial ~~mid-construction~~ development inspection to be conducted ~~the earlier of when~~within two years from award.

~~(i) 25% of the total number of Development buildings are at least 30% completed and are at a post-wiring/pre-sheetrock stage, or~~

~~(ii) 40% of the construction contract amount for the Development adjusted for any change orders has been expended as documented by an inspecting architect.~~
~~(iii) Evidence of such activity must be submitted within thirty days of clause (i) or clause (ii) of this subparagraph being reached and shall be provided in a format prescribed by the Department.~~

(~~C~~B) A final Development inspection performed at construction completion~~after completion of construction or rehabilitation, when 100% of the construction contract amount, adjusted for any change orders, has been expended~~. Evidence of ~~such activity~~completion must be submitted within thirty days of completion and shall be provided in a format prescribed by the Department. The inspection is required by the Department in order to release retainage.

~~(3) Draw request submittals to the Department, for non-HTC Developments, must include construction progress inspection reports which are conducted within 10 days prior to the draw request. The inspections are performed by independent licensed architects or engineers engaged by the borrower or grantee. Evidence of such inspection shall be provided in a format prescribed by the Department.~~

(3~~4~~) The Department may require a copy of all reports from all construction inspections performed on behalf of the Applicant as needed. Those reports must indicate that the Department may rely on the information provided in the reports.

(4~~5~~) Additional inspections may be conducted by the Department or by an independent third party Inspector acceptable to the Department during the construction process~~, if~~, if necessary, based on the level of risk associated with ~~the Development~~the Development, as determined by the Real Estate Analysis Division or ~~the Portfolio Management and~~

~~Compliance Division~~PMC. ~~The Portfolio Management and Compliance Division~~PMC identifi~~y~~ies HTC Developments to be at high risk if inspections identify issues with construction threshold criteria and Development characteristics identified at application. The ~~Portfolio Management and Compliance Division~~PMC identifies non-HTC Developments to be at high risk if inspections conducted during the construction process identify issues with program requirements or Development characteristics identified at application.

(5~~6~~) Developments having financing from the United States Department of Agriculture Rural Development (TX-USDA-RHS) will be exempt from these inspections, provided that the Development Owner provides to the Department copies of all inspections made by TX-USDA-RHS throughout the construction of the Development ~~within fifteen days of the date the inspection occurred. (§2306.081 Texas Government Code)~~.

§60.4~~(d)~~ **Monitoring During the Affordability Period~~.~~**

The Department will monitor compliance with –representations made by the Development Owner in the Application and in the LURA, whether required by the applicable program rules, regulations, including HOME Final Rule, §42 of the ~~Internal Revenue Code~~IRC, §142(d) of the ~~Internal Revenue Code~~IRC, Treasury Regulations or other rulings of the IRS, the U. S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) Notices and Chapters 51 and 53 of this title.

§60.5~~(e)~~ **Compliance H~~h~~istory~~.~~**

Before the Board approves any project application submitted under this chapter, the department, through PMC ~~Prior to Board approval of any development application, the Portfolio Management and Compliance Division~~ shall, pursuant to §2306.057, Texas Government Code:

(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 Subsection (a).

(3) The written report described by Section 60.5(b) must be included in the appropriate project file for Board and department review.

(4) 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.

(5) 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, Texas Government Code, including compliance information provided to the department by the Texas State Affordable Housing Corporation.

~~assess the compliance history of the Applicant and any affiliate of the Applicant with respect to all applicable requirements and any compliance issues associated with the proposed Development, pursuant to §2306.057 of Texas Government Code. The Portfolio Management and Compliance Division will provide the Board:~~

~~(1) the compliance history of the Applicant and any affiliate of the Applicant with respect to all applicable requirements;~~

~~(2) the compliance issues associated with the proposed Development; and~~

~~(3) a written report regarding the results of the assessments.~~

~~(4) The Board shall fully document and disclose any instances in which the Board approves a Development application despite any non-compliance associated with the Development, Applicant, or affiliate.~~

§60.6~~(f)~~ **Section 8 V~~v~~oucher H~~h~~olders~~.~~**

The Department will monitor to ensure development owners comply with §1.14 of this title regarding residents receiving rental assistance under Section 8, United States Housing Act of 1937 (42 U.S.-C. §1437F). (§2306.269 and §2306.6728, ~~of the Texas~~Texas Government Code).

§60.7~~(g)~~ -**Monitoring of C~~c~~ompliance~~.~~**

The Department may contract with an independent third party to monitor a Development during construction or rehabilitation and during operation for compliance with any conditions imposed by the Department in connection with funding or other Department oversight and appropriate state and federal laws, as required by other state law or by the Board. (§2306.6719, ~~of the Texas~~Texas Government Code).

§60.8~~(h)~~ **Recordkeeping~~.~~**

All Development Owners must comply with program recordkeeping requirements. In addition, records including items listed in paragraphs (1) - (12) of this ~~subsection~~ section must be kept for each qualified low income rental unit and building in the Development, commencing with lease up activities and continuing on a~~n~~ monthly basis until the end of the affordability period. The Department requires any reports to be submitted electronically and in the format prescribed by the Department. Records must include:

(1) the total number of residential rental units in the Development, including the number of bedrooms;

(2) the move in and move out date for each residential rental unit in the Development;

(3) which residential rental units are low income units and the income level of the residents broken into 30, 40, 50, 60 or 80 percent of the area median income;

(4) the rent charged for each residential rental unit including, with respect to low income units, documentation to support the utility allowance applicable to such unit and any rental assistance received;

(5) the number of occupants in each low income unit;

(6) the low income rental unit vacancies and information that shows when and to whom all available units were rented;

(7) the annual income certification of each tenant of a low income unit, in the form designated by the Department, as may be modified from time to time;

(8) documentation to support each low income tenant's income certification, consistent with the determination of annual income and verification procedures under Section 8 of the United States Housing Act of 1937 (Section 8);

(9) 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;

(10) the race and ethnicity of the residents of each Development;

(11) the number of units occupied by households receiving government-supported housing assistance and the type of assistance received; and

(12) any additional information as required by the Department.

§60.9~~(i)~~ **Reporting~~.~~**

Each Development shall submit reports as required by the Department. Each Development that receives financial assistance or is administered by the Department, including ~~The~~ the FDIC's ~~Affordable Housing~~AHP ~~Program~~, shall submit the information required under this ~~subsection~~ Section which describes the ~~annual Fair Housing Sponsor Report~~ Annual Owner's Compliance Report (AOCR) required by §2306.0724, ~~of the~~ Texas Government Code. The Department ~~may~~ requires this information ~~to~~ be submitted electronically and in the format prescribed by the Department. Section 1.11 of this title contains procedures regarding filing and penalties for failure to file reports.

(1) Part A, the "Owner's Certification of Program Compliance"; Part B, the "Unit Status Report"; and Part C, "Tenant Services Provided Report" of the ~~Fair Housing Sponsor Report~~AOCR, must be provided to the Department no later than March 1st of each year, reporting data current as of January 1 of each reporting year. Part D, "Owner's Financial Certification", which includes the current audited financial statements~~,~~ and income and expenses of the Development for the prior year, shall be delivered to the Department no later than the last day in April each year. A full description of the ~~Fair Housing Sponsor Report~~AOCR is contained in §60.10 of this chaper.~~subsection (j) of this section.~~

(2) The Department maintains the information reported by the ~~Fair Housing Sponsor Report~~AOCR pursuant to §2306.0724(c), ~~of the Texas~~Texas Government Code in electronic and hard-copy formats available at no charge to the public.

(3) Rental developments funded or administered by the Department, including HOME, ~~Housing Trust Fund~~HTF, the FDIC's ~~Affordable Housing~~AHP ~~Program~~, and any other rental programs funded or administered by the Department shall provide tenant information provided on Part B, "Unit Status Report," at least quarterly during lease up and until occupancy requirements are achieved. Once the Department has determined that all occupancy requirements are satisfied, the Development shall submit the Unit Status Report at least annually and as required by this ~~subsection~~section.

(4) Developments financed by tax exempt bonds issued by the Department shall report quarterly throughout the Qualified Project Period ~~or until released~~unless notified by the Department of a change in the reporting frequency.

(5) The Department requires all Owners of properties administered by the Department to submit the Unit Status Report in the electronic format developed by the Department. The Electronic Compliance Reporting Filing Agreement and the Owner's Designation of Administrator of Accounts forms must be filed with the Department no later than January 31, 2005. Developments ~~that are~~ awarded funds ~~in the future~~ after that date must submit the required forms no later than January 31st of the year following the award. The D~~d~~epartment will provide general instruction regarding the electronic transfer of data. The Department may, at its discretion, waive the online reporting requirements. In the absence of a written waiver, all developments are required to submit the Unit Status Report online.

(6) Information regarding housing for persons with disabilities. Owners of state or federally assisted housing developments with 20 or more housing units must report information regarding housing units designed for persons with disabilities pursuant to §2306.078, Texas Government Code. This information will be reported on the Department's ~~internet site~~website and will include the following:

(A) the name, if any, of the development;

(B) the street address of the development;

(C) the number of housing units in the development that are designed for persons with disabilities and that are available for lease;

(D) the number of bedrooms in each housing units designed for a person with a disability;

(E) the special features that characterize each housing unit's suitability for a person with a disabilityy~~ies~~;

(F) the rent for each housing unit designed for a person with a disability; and

(G) the telephone number and name of the development manager or agent to whom inquiries by prospective tenants may be made.

§60.10~~(j)~~ ~~Fair Housing Sponsor Report~~Annual Owner's Compliance Report Certification and Review~~.~~

(~~1~~a) On or before February 1st of each year of the affordability period, the Department will
send each rental Development Owner a reminder that the ~~Fair Housing Sponsor Report~~AOCR ~~(forms available on the Department's website)~~ must be completed by the Owner and ~~returned~~ submitted to the Department on or before the applicable deadline. The Department ~~may~~ requires ~~some or all of~~ the ~~Fair Housing Sponsor Report~~AOCR to be submitted electronically. The ~~Fair Housing Sponsor Report~~AOCR shall consist of:

(~~A~~1) Part A, "Owner's Certification of Program Compliance";

(~~B~~2) Part B, "Unit Status Report";

(~~C~~3) Part C, "Tenant Services Provided Report"; and

(~~D~~4) Part D, "Owner's Financial Certification".

(~~2~~b) Penalties and sanctions are assessed in accordance with §1.11(d) of this title for failure to provide the ~~Fair Housing Sponsor Report~~AOCR in part or entirety, including administrative penalties and denial of future requests for Department funding.

(~~3~~c) Any Development for which the ~~Fair Housing Sponsor Report~~AOCR, Part A, "Owner Certification of Program Compliance," is not received or is received past the due date will be considered not in compliance with these rules. If Part A is incomplete, improperly completed or not signed by the Development Owner, it will be considered not received and not in compliance with these rules. The Department will report to the IRS via F~~f~~orm 8823, Low-Income Housing Credit Agencies Report of noncompliance or Building Disposition, any ~~Housing Tax Credit~~HTC development that fails to comply with this section. The ~~Fair Housing Sponsor Report~~AOCR Part A shall include at a minimum the following statements ~~of~~ by the Development Owner:

(~~A~~1) the Development met the minimum set aside test which was applicable to the Development;

(~~B~~2) there was no change in the Applicable Fraction or low income set aside of any building, or if there was such a change, the actual Applicable Fraction is reported to the Department (HTC only);

(~~C~~3) the Development Owner has received an annual income certification from each low income resident and documentation to support that certification, in the manner and form required by the Department's *Compliance Manual(s)*, as may be amended from time to time;

(~~D~~4) documentation is maintained to support each low income tenant's income certification, consistent with the determination of annual income and verification procedures under Section 8 of the United States Housing Act of 1937 (Section 8), notwithstanding any rules to the contrary for the determination of gross income for federal income tax purposes. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement is satisfied if the public housing authority provides a statement to the Development Owner declaring that the tenant's income does not exceed the applicable income limit under ~~the Code,~~ §42(g) of the IRC as described in the *Compliance Manual(s)*;

(~~E~~5) each low income unit in the Development was rent-restricted under the ~~Land Use Restriction Agreements~~LURA and applicable program regulations, including ~~IRC Code,~~ §42(g) (2) of the IRC or~~,~~ 24 CFR Part 92, and the owner maintained documentation to support the utility allowance applicable to such unit;

(~~F~~6) a~~A~~ll low income units in the Development are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under §42(i)(3)(B) (iii) of the IRC~~Code~~) (HTC and ~~Bond~~BOND only);

(~~G~~7) n~~N~~o finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, has occurred for this Development. A finding of discrimination includes an adverse final decision by the Secretary of HUD, 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a (a) (1), or an adverse judgment from a federal court;

(~~H~~8) each unit or building in the Development is, and has been, suitable for occupancy, taking into account Uniform Physical Condition Standards (UPCS) (24 CFR 5.703) or local health, safety, and building codes, ~~local health, safety, and building codes,~~ and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the Development during this reporting period. If a violation report or notice was issued by the governmental unit during this reporting period, the Development Owner must provide the Department with a copy of the violation report or notice. In addition, the Development Owner must state whether the violation has been corrected;

(~~I~~9) each unit has been inspected annually and each unit meets conditions set by HUD Housing Quality Standards ~~and an annual inspection to confirm the condition has been performed~~; (HOME only)

(~~J~~10) there has been no change in the Eligible Basis (as defined by ~~-~~ §42(d) of the IRC~~Code~~) for any building in the Development since the last certification or, if change(s), the nature of the change; (HTC only)

(~~K~~11) all tenant facilities included in the original application, such as swimming pools, other recreational facilities, washer/dryer hook ups, appliances and parking areas, were provided on a comparable basis to any tenants in the Development;

(~~L~~12) Residents have not been charged for the use of any nonresidential portion of the building that was included in the building's Eligible Basis under §42(d) of the IRC~~Internal Revenue Code~~; (HTC only)

(~~M~~13) if a low income unit in the Development became vacant during the year, reasonable attempts were made, or are made, to rent that unit or the next available unit of comparable or smaller size to a qualifying low income household before any other units in the Development were, or will be, rented to non low income households; (HTC and ~~tax exempt bonds only~~BOND only)

(~~N~~14) if the income of tenants of a low income unit in the Development increased above the appropriate limit allowed, the next available unit of comparable or smaller size was, or will be, rented to residents having a qualifying income;

(~~O~~15) a LURA including an Extended Low Income Housing Commitment as described in §42(h)(6) of the IRC~~Internal Revenue Code,~~ was in effect for buildings subject to §7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308 - 2311, including the requirement under §42(h)(6)(B)(iv) of the IRC ~~Internal Revenue Code~~, that a Development Owner cannot refuse to lease a unit in the Development to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to §1314c(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat. 312, 438 – 439) (HTC only);

(~~P~~16) the Development Owner has not been notified by the IRS that the Development is no longer "a qualified low income housing Development" within the meaning of §42 of the ~~Internal Revenue Code~~IRC~~;~~ (HTC only);

(~~Q~~17) if the Development Owner is required to be a Qualified Nonprofit Organization under §42(h)(5) of the ~~Internal Revenue Code~~ IRC, that a Qualified Nonprofit Organization owned an interest in and materially participated in the operation of the Development within the meaning under §469(h) of the ~~Internal Revenue~~IRC ~~Code;~~ (HTC only);

(~~R~~18) no low income units in the Development were occupied by ineligible full time student households~~;~~ (HTC and ~~tax exempt~~ BOND~~bonds~~ only);

(~~S~~19) no change in the ownership of the Development has occurred during the reporting period or changes and transfers were or are reported;

(~~T~~20) the Development met all representations of the Development Owner in the Application and complied with all terms and conditions which were recorded in the LURA;

(~~U~~21) the Development has made all required lender deposits, including annual reserve deposits;

(~~V~~22) the street address and municipality or county in which the Development is located;

(~~W~~23) the name, address, contact person, and telephone number of the property management or leasing agent;

(24) that no tenants in low-income units were evicted or had their tenancies terminated, including non-renewal of a lease, other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under §42 of the IRC (HTC and HOME only);

(~~X~~25) any additional information as required by the Department.

(4d) **Review.** Department staff will review Part A of the ~~Fair Housing Sponsor Report~~AOCR for compliance with the requirements of the appropriate program including §42 of the IRC~~Internal Revenue Code.~~

§60.11~~(k)~~ **Record ~~r~~Retention ~~p~~Provisions~~.~~**

Each Development that is administered by the Department including the FDIC's ~~Affordable Housing~~AHP ~~Program~~ is required to retain the records as required by the specific funding program rules and regulations. In general, retention schedules include but are not limited to the provision of paragraphs (1) - (4) of this ~~sub~~section;

(1) ~~Housing Tax Credit~~HTCs records, as described in ~~subsection~~§ ~~(h)~~60.8 of this ~~section~~chapter, must be retained for at least six years after the due date (with extensions) for filing the federal income tax return for that year; however, the records for the first year of the Credit Period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building.

(2) Retention of records for HOME rental developments must comply with the provisions of 24 CFR 92.508(c), which generally requires retention of rental housing records for five years after the affordability period terminates.

(3) ~~Housing Trust Fund~~HTF rental developments must retain tenant files for at least three years beyond the date the tenant moves from the development. Records pertinent to the funding of the award, including but not limited to the application, development costs and documentation, must be retained for at least five years after the affordability period terminates.

(4) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

§60.12~~(l)~~ **Inspection P~~p~~rovision~~.~~**

The Department retains the right to perform an on-site inspection of any low income Development, and review and photocopy all documents and records supporting compliance with Departmental programs~~,~~ through the end of the Compliance Period or the end of the period covered by any Extended Low Income Housing Commitment, whichever is later.

(1) The Department will perform on-site inspections and file reviews of each low income Development. The Department will conduct the ~~first review~~first review of ~~Housing Tax Credit~~HTC Developments by the end of the second calendar year following the year the last building in the Development is placed in service. The Department will schedule the first review of all other Developments as leasing commences. Subsequent reviews will occur at least once every three years during the compliance period. The Department will monitor at least 15% of the low income resident files in each Development, and review the income certifications, the documentation the Development Owner has received to support the certifications, the rent records and any additional information that the Department deems necessary. The Department will also conduct a physical inspection of the Development including the exterior of the development, development amenities, and an interior inspection of a sample of units.

(2) The Department may, at the time and in the form designated by the Department, require the Development Owners to submit~~,~~ information on tenant income and rent for each low income unit and may require a Development Owner to submit~~,~~ copies of the tenant files, including copies of the income certification, the documentation the Development Owner has received to support that certification, and the rent record for any low income tenant.

(3) The Department will select the low income units and tenant records that are to be inspected and reviewed. Original records are required for review. The Department will not give Development Owners advance notice that a particular unit, tenant records or a particular year will be inspected or reviewed. However, the Department will give reasonable notice to the Development Owner that an on-site inspection or a tenant record review will occur~~,~~ so ~~that~~ the Development Owner may notify tenants of the inspection or assemble original tenant records for review.

(4) The Department will conduct a limited inspection for compliance with accessibility requirements under the Fair Housing Act or Section 504 of the Rehabilitation Act of 1973. If determined necessary the Department may make referrals to appropriate federal and state agencies or order third-party inspections to be paid for by the Development owner.

(5) Exception: The Department may, at its discretion, enter into a Memorandum of Understanding with the ~~United States Department of Agriculture Rural Housing Service (~~TX-USDA-RHS~~)~~, whereby the TX-USDA-RHS agrees to provide to the Department information concerning the income and rent of the tenants in buildings financed under its Section 515 program. Owners of such buildings may be exempted from the inspection provisions;~~,~~ however, if the information provided by TX-USDA-RHS is not sufficient for the Department to make a determination that the income limitation and

rent restrictions are met, the Development Owner must provide the Department with additional information or the Department will inspect according to the provisions contained herein. TX-USDA-RHS Developments satisfy the definition of Qualified Elderly Development if they meet the definition for elderly used by TX-USDA-RHS, which includes persons with disabilities.

§60.13~~(m)~~ **Inspection Standard~~.~~**

To determine compliance with property condition standards the Department shall review any local health, safety, or building code violation reports , or notices ~~In~~ in the absence of local health, safety and building code violation reports~~ and~~. ~~i~~If deemed necessary by the Department, inspections by third-party inspectors may be requested and will be relied upon to determine compliance with property condition standards. In addition to the review of any local health, safety or building code violation reports, the Department may conduct inspections of the units using ~~the~~HUD's Housing Quality Standards or UPCS -and may use those standards to determine compliance with property condition standards. Developments must be maintained ~~property~~ to be decent, safe, sanitary and in good repair~~condition standards~~ throughout the affordability period. ~~Housing Tax Credit~~HTC Developments that fail to comply with local codes or UPCS must be reported to the IRS.

§60.14~~(n)~~ **Notices to Owner~~.~~**

The Department will provide prompt written notice to the Development Owner if the Department does not receive the ~~Fair Housing Sponsor Report~~AOCR or discovers through audit, inspection, review or any other manner that the Development is not in compliance with the provisions of the deed restrictions, conditions imposed by the Department, or program rules and regulations, including §42 of the IRC. The notice will specify a correction period which will not exceed 90 days from the date of notice to the Development Owner, during which the Development Owner may respond to the Department's findings, bring the Development into compliance, or supply any missing documentation or certifications. The Department may extend the correction period for up to six months from the date of the notice to the Development Owner if it determines there is good cause for granting an extension. If any communication to the Development Owner under this section is returned to the Department as refused, unclaimed or undeliverable, the Development may be considered not in compliance without further notice to the Development Owner. The Development Owner is responsible for providing the Department with current contact information, including address(es) and phone number(s).

§60.15~~(o)~~ **Notice to the IRS~~.~~** (~~Housing Tax Credit~~HTC Developments only)

(a~~1~~) Regardless of whether the ~~non-compliance~~noncompliance is corrected, the Department is required to file IRS Form 8823 with the IRS. IRS Form 8823 will be filed not later than 45 days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department)~~,~~ but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the ~~non-compliance~~noncompliance and will indicate whether the Development Owner has corrected the ~~non-compliance~~noncompliance.

(~~2~~b) The Department will retain records of ~~non-compliance~~noncompliance or failure to certify for six years beyond the Department's filing of the respective IRS Form 8823. The Department will retain the ~~Fair Housing Sponsor Report~~AOCRs and records for three years from the end of the calendar year the Department receives the certifications and records.

(c~~3~~) The Department will send the owner of record copies of any IRS Forms 8823~~s~~ submitted to the IRS. Copies of Form(s) 8823~~s~~ will be submitted to the syndicator for Developments awarded tax credits after January 1, 2004. The Development owner is responsible for providing the name and mailing address of the syndicator.

§60.16~~(p)~~ **Notices to the Department~~.~~**

If any of the events in paragraphs (1) through (7~~6~~) of this ~~sub~~section occur, written notice must be provided to the Department within the timeframes listed below:

(1) a~~A~~ny sale, transfer, exchange, or renaming of the Development or any portion of the Development. Notification must be provided at least 30 days prior to this event. For Rural Developments that are federally assisted or purchased from HUD, the Department shall not authorize the sale of any portion of the Development. Any transfers of ownership must follow procedures as required by the Department (§2306.852, ~~of the Texas~~Texas Government Code);

(2) t~~T~~he mailing address of the owner changes. Notification must be provided within 30 days of the address change;

(3) t~~T~~he date the last building in the Development ~~is~~ was placed in service. Notification must be provided within 30 days of the placement in service date of the last building~~.~~; (HTC only)~~;~~

(4) t~~T~~he Development suffers in whole or in part a casualty loss. Notification must be provided within 30 days following the event of loss;

(5) c~~C~~ommencement of leasing activity. Notification must be provided within 30 days following the commencement of leasing activities. In addition, Owners of ~~Tax Exempt~~ BOND~~Bond~~ Developments shall notify the Department of the date 10 percent of the units are occupied and the date 50 percent of the units are occupied within 90 days of such dates; ~~and~~

(6) ~~R~~request for a ~~Land Use Restriction Agreement~~LURA. Request for a LURA must be provided no later than September 1st of the calendar year in which the owner intends to have it recorded. A request for a LURA received after September 1st may not be processed by the Department in the same calendar year; and

~~Department in the same calendar year.~~

(7) the Development has completed construction/rehabilitation. Notification must be provided within 30 days of construction completion. Evidence of such activity shall be provided in a format prescribed by the Department.

§ 60.17~~(q)~~ **Utility A~~a~~llowances~~.~~**

(~~1~~a) The Department will monitor to determine if ~~Housing Tax Credit~~HTC and ~~Tax Exempt~~ BOND~~bond~~ properties comply with published rent limits, which include an allowance for utilities. If residents are responsible for some or all utilities, Development owners must use a Utility Allowance that complies with ~~Section~~ §1.42-10 of the IRC~~Regulations~~. If there is more than one entity (Section 8 administrator, public housing authority) responsible for setting the utility allowance(s) in the area of the Development location, then the Utility Allowance selected must be the one which most closely reflects the actual utility costs in that Development area. In this case, documentation from the local utility provider supporting the selection must be provided.

(b~~2~~) The Department will monitor to determine if HOME and ~~Housing Trust Fund~~HTF Developments comply with published rent limits, which include an allowance for utilities. Unless otherwise approved by the Department, HOME and ~~Housing Trust Fund~~HTF Developments must use the utility allowance established by the applicable housing authority. Changes in utility allowances must be implemented on the published effective date.

§60.18~~(r)~~ **Material ~~Non-Compliance~~Noncompliance**

~~.~~

For all programs, a Development will be in material noncompliance if the noncompliance is stated in this section to be material noncompliance. Developments with more than one program administered by the Department will be scored by program. The Development will be considered in material noncompliance if the score for any single program exceeds the noncompliance limit for that program. The Department may take into consideration the representations of the Applicant regarding compliance violations;~~,~~ however, the records of the Department are controlling.

(1) Each development that is funded or administered by the Department will be scored according to the type and number of ~~non-compliance~~noncompliance events as it relates to the ~~Housing Tax Credit~~HTC ~~Program~~ program or other Department programs. All Developments, regardless of status, that are or have been administered, funded, or monitored by the Department are scored even if the development no longer actively participates in the program. Unless otherwise specified below, under the ~~Housing Tax Credit~~HTC program, ~~non-compliance~~noncompliance events issued on Form 8823 are assigned point values. For other programs administered by the Department, unless otherwise specified below, ~~non-compliance~~noncompliance events identified during on-site monitoring reviews are assigned point values.

(2) Uncorrected ~~non-compliance~~noncompliance will carry the maximum number of points until the ~~non-compliance~~noncompliance event has been reported corrected by the Department. Once reported corrected by the Department, the score will be reduced to the "corrected value~~.~~". Corrected ~~non-compliance~~noncompliance will no longer be included in the Development score three years after the date the ~~non-compliance~~noncompliance was reported corrected by the Department.

(A) Under the ~~Housing Tax Credit~~HTC ~~P~~program, ~~non-compliance~~noncompliance events that occurred and were identified by the Department through the issuance of the IRS Form 8823 prior to January 1, 1998, are assigned corrected point values to each ~~non-compliance~~noncompliance event. The score for these events will no longer be included in the Development's score three years after the date the corrected Form 8823 was executed.

(B) The score in effect on~~-~~ May 1st of the ~~date~~ year the ~~Housing Tax Credit~~HTC program application is submitted ~~round closes or~~ during final ~~the date of the filing of Volume I of the~~ application for Developments applying for participation in the ~~a Tax Exempt~~ BOND~~Bond~~ ~~Development~~ program, HOME program or HTF program, or during application review of any other program funded or administered by the Department will determine if any rental development disclosed on previous participation forms is in material noncompliance.

(C) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, 2006.

(D~~C~~) Any corrective action documentation affecting the compliance status score must be received by the Department thirty days prior to the date the ~~Housing Tax Credit~~HTC p~~P~~rogram Application Round closes ~~or~~, thirty days prior to the submission of Volume I of the application for a ~~Tax Exempt~~ BOND~~Bond~~ Development, or thirty days before the submission of an application for any other program funded or administered by the Department.

(3) Events of ~~non-compliance~~noncompliance are categorized as either "development events" or "unit/building events~~.~~". Development events of ~~non-compliance~~noncompliance affect some or all the buildings in the development; however, the development will receive only one score for the event rather than a score for each building. Other types of ~~non-compliance~~noncompliance are identified individually by unit. This type of ~~non-compliance~~noncompliance will receive the appropriate score for each unit cited with an event. The unit scores and the development scores accumulate towards the total score of the Development. Violations under the ~~Housing Tax Credit~~HTC program are identified by unit; however, the building is scored rather than the unit~~,~~ and the building will receive the ~~non-compliance~~noncompliance score if one or more of the units are in ~~non-compliance~~noncompliance.

(4) Each type of ~~non-compliance~~noncompliance is assigned a point value. The point value for ~~non-compliance~~noncompliance is reduced upon correction of the ~~non-compliance~~noncompliance. The scoring point system and values are as described in ~~sub~~paragraphs (A) and (B) of this paragraph. The point system weighs certain types of ~~non-compliance~~noncompliance more heavily than others; therefore certain ~~non-compliance~~noncompliance events ~~carry a sufficient number of points to~~ automatically place the development in Material ~~Non-Compliance~~Noncompliance. However, other types of ~~non-compliance~~noncompliance by themselves do not warrant the classification of Material ~~Non-Compliance~~Noncompliance. Multiple occurrences of these types of ~~non-compliance~~noncompliance events may produce enough points to cause the development to be in Material ~~Non-Compliance~~Noncompliance.

(A) Development ~~Non-Compliance~~Noncompliance items are identified in clauses (i) - (xxviii) of this subparagraph.

(i) Major property condition violations. The development displays major violations of health, safety and building codes. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in ~~subs~~Section ~~(b)(7) of this section~~§60.2(7) of these Rules. -Corrected is~~ 20~~ 10 points.

(ii) Owner refused to lease to a holder of rental assistance certificate/voucher because of the status of the prospective tenant as such a holder. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in ~~subs~~Section §60.2(7) of these Rules ~~(b)(7) of this section~~. Corrected is 10 points.

(iii) Development is not available to general public. The IRS will be notified of HTC developments reported to the Department, according to the Memorandum of Understanding among the U.S. Department of Treasury, the Department of Housing and Urban Development, and the Department of Justice, to be under investigation of possible violations of the Fair Housing Act. No points are imposed.
(iv) Determination of a violation under the Fair Housing Act. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in §60.2(7) of these Rules ~~Section (b) (7) of these rules~~. Corrected is 10 points.

(~~i~~v) Development is out of compliance and never expected to comply. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in ~~subsection~~ §60.2(7) of these Rules~~(b)(7) of this section~~. No correction is possible; no corrected score assigned.

(vi) Owner failed to pay fees or allow on-site monitoring review. Points will be assigned to this event after written notification to the Development owner. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in §60.2(7) of these Rules ~~subsection (b)(7) of this section~~. Corrected is 5 points.

(vii) LURA not in effect. The LURA was not executed within the required time period. Uncorrected, this is material noncompliance. This event will be assigned points upon written notification to the owner. Uncorrected is equal to the material noncompliance status threshold score as defined in Section 60.2(g)of these Rules~~subsection (b)(7) of this section~~. Corrected is 5 points.

(viii) Developments awarded ~~Housing Tax Credit~~HTC~~s~~ January 1, 2004, or later, that are foreclosed by a lender, or the General Partner is removed by a syndicator due to reasons other than market conditions. Points associated with a foreclosure will be assigned at the time the 8823 is sent to the IRS. Points associated with the removal of the General Partner will be assigned upon written notification to the former General Partner. 25 points.
No correction is possible; no corrected score assigned.

(~~viii~~ix) Development failed to meet minimum low-income occupancy levels. Development failed to meet required minimum low-income occupancy levels of 20/50 (20% of the units occupied by tenants with household incomes of less than or equal to 50% of Area Median Gross Income) or 40/60. Uncorrected is 20 points. Corrected is 10 points. (HTC and BOND only)

(~~i~~x) No evidence of, or failure to certify to, non-profit material participation for an Owner having received an allocation from the Nonprofit Set-Aside. Uncorrected is 10 points. Corrected is 3 points.

(xi) The Development failed to meet additional State required rent and occupancy restrictions. The LURA requires the Development to lease units to low income households at multiple income and rent tiers. This event refers to the condition when the lower tiers are not satisfied. Uncorrected is 10 points. Corrected is 3 points.

(xii) The Development failed to provide required supportive services as promised at Application. Uncorrected is 10 points. Corrected is 3 points.

(xiii) The Development failed to provide housing to the elderly as promised at Application. Uncorrected is 10 points. Corrected is 3 points.

(~~xiii~~xiv) Failure to provide special needs housing. Development has failed to provide housing for tenants with special needs as promised at Application. Uncorrected is 10 points. Corrected is 3 points.

(x~~i~~v) The Development Owner failed to provide required annual notification to the local administering agency for the Section 8 program. Uncorrected is 5 points. Corrected is 2 points.

(xvi) Changes in Eligible Basis. Changes occur when common areas become commercial, fees are charged for facilities, etc. Uncorrected is 10 points. Corrected is 3 points. (HTC ~~Development~~ only)

(xvii) Owner failed to post Fair Housing Logo and/or poster in leasing offices. Uncorrected is 3 points. Corrected is 1 point.

(xviii) Failure to submit part or all of the ~~Fair Housing Sponsor Report~~AOCR or failure to submit any other annual, monthly, or quarterly report required by the Department. Uncorrected is 10 points. Corrected is 3 points.

(xix~~viii~~) Owner failed to make available or maintain a management plan with required language as required under §1.14 of this title. Uncorrected is 3 points. Corrected is 1 point.

(~~xiv~~xx) Owner failed to approve and distribute an Affirmative Marketing Plan as required under §1.14 of this title. Uncorrected is 3 points. Corrected is 1 point.

(xxi) Pattern of minor property condition violations. Development displays a pattern of property violations; however, those violations do not impair essential services and safeguards for tenants. Uncorrected is ~~5~~ 10 points. Corrected is ~~2~~ 5 points.

(xxii) Development failed to comply with requirements limiting minimum income standards for Section 8 residents. Complaints verified by the Department regarding violations of the income standard which cause exclusion from admission of Section 8 resident(s) results in a violation. Uncorrected score 10 points. Corrected 3 points.

(xxiii) Owner defaults on payments of Department loans for a period exceeding 90 days. Uncorrected, this is material noncompliance. Points will be assigned under this event after written notice to the Development Owner. Uncorrected is equal to the material noncompliance status threshold score as defined in §60.2(7) of these Rules~~subsection (b)(7) of this section~~. Corrected is 10 points.

(~~xxiii~~xxiv) Utility A~~a~~llowance not calculated properly. Uncorrected 3 points. Corrected 1 point.

(xx~~i~~v) Failure to comply with the Next Available Qualifying Unit Rule. Uncorrected 3 points. Corrected 1 point.

(xxvi) Owner failed to execute required lease provisions or exclude prohibited lease language. Uncorrected 3 points. Corrected 1 point (All programs~~,~~ except ~~Housing Tax Credits~~HTC)

(xxvii) Failure to provide annual Housing Quality Standards inspection. Uncorrected 10 points. Corrected 3 points. (HOME Only)

(xxviii) Development has failed to establish and maintain a reserve account in -accordance with §1.37 of this title~~ 10, Texas Administrative Code~~. Points _will be assigned under this event after written notice to the Development _Owner. Uncorrected, this is material noncompliance. Uncorrected is equal to the material noncompliance status threshold score as defined in §60.2(7) of these Rules ~~subsection (b)(7) of this section~~. Corrected is 10 points.

(B) Unit ~~Non-Compliance~~Noncompliance items are identified in clauses-(i) - (x) of this subparagraph.

(i) Unit not leased to Low Income Household. Development has units that are leased to households whose income was above the income limit upon initial occupancy. Uncorrected is 3 points. Corrected is 1 point.

(ii) Low-income units occupied by nonqualified full-time students. Uncorrected is 3 points. Corrected is 1 point. (HTC and ~~Bond~~BOND only)

(iii) Low income units used on transient basis. Uncorrected is 3 points. Corrected is 1 point. (HTC and ~~Bond~~BOND only)

(iv) Household income increased above the re-certification limit and an available Unit was rented to a market tenant. Uncorrected is 3 points. Corrected is 1 point.

(v) Gross rent exceeds the highest rent allowed under the LURA or other deed restriction. Uncorrected is 3 points. Corrected is 1 point.

(vi) Failure to maintain or provide tenant income certification and documentation. Uncorrected is 3 points. Corrected is 1 point.

(vii) Casualty loss. Units not available for occupancy due to natural disaster or hazard due to no fault of the Owner. This carries no point value. Casualty losses are reported to the IRS on HTC Developments.

(viii) When a low income Unit became vacant, owner failed to lease (or make reasonable efforts to lease) to a low income household before any units were rented to tenants not having a qualifying income. Uncorrected is 3 points. Corrected is 1 point.

(ix) Unit not available for rent. Unit is used for non-residential purposes excluding unavailable Units due to casualty and manager-occupied Units. Uncorrected is 3 points. Corrected is 1 point.

(x) Qualifying unit designation removed from household. Uncorrected is 3 points. Corrected is 1 point. (FDIC's ~~Affordable Housing~~AHP ~~Program~~ only)

(xi) Development evicted or terminated the tenancy of a low income tenant for other than good cause. Uncorrected is 10 points. Corrected is 3 points. (HTC and HOME only)

§60.19~~(s)~~ **Alternative Dispute Resolution Policy~~.~~**

In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures (ADR) under the Governmental Dispute Resolution Act, Chapter 2009~~,~~ Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants and other interested persons~~,~~ to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expediously resolve disputes. If at any time an applicant or other person would like to engage the Department in an ADR process, the person may send a proposal to the Department's Dispute Resolution Coordinator ~~(fax: (512) 475-3978)~~. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

§60.20~~(t)~~ **Liability~~.~~**

Compliance with the program requirements including compliance with ~~the Code,~~ §42 of the IRC, is the sole responsibility of the Development owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner including the Development Owner's ~~non-compliance~~noncompliance with §42 of the ~~Internal Revenue Code,~~IRC, ~~the~~ HOME program regulations, ~~the Tax Exempt Bond program~~BOND program requirements, and all other programs monitored by the Department.

§60.21~~(u)~~ **Applicability to ~~a~~All ~~p~~Programs~~.~~**

~~These~~ Unless otherwise noted, these provisions apply to all Developments administered by the Department including the FDIC's ~~Affordable Housing~~ AHP~~Program~~.

§60.22~~(v)~~ **Waiver~~.~~**

The Board, in its discretion and within the limits of law, may waive any one or more of these Rules if the Board finds that 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.

LEGAL SERVICES DIVISION
BOARD ACTION REQUEST
November 10, 2005

Action Item

Selection of outside bond and disclosure counsel per RFP submissions.

Requested Action

Selection of outside legal teams to serve as bond counsel and bond/securities disclosure counsel for the agency.

Background and Recommendations

Outside counsel contracts are subject to the approval of the Attorney General's Office. The AG's Office requires that outside counsel services be advertised at least every two years through a Request for Proposals. In accordance with this requirement, a Request for Proposals for Bond Counsel was published in both the Texas Marketplace Electronic State Business Daily on September 15, 2005 and in the *Texas Register* on September 23, 2005. The deadline for submitting proposals was October 7, 2005. In addition to the posting, staff compiled a list of potential interested parties and directly sent notice to those potential bidders.

The previous contracts for bond counsel and disclosure counsel expired and are operating under a contract extension pending this selection. The Legal Services Division issued the RFPs to seek the services of both the bond counsel and the bond/securities disclosure counsel. The RFP sought information to make an informed decision based on numerous factors including expertise, services to be offered, fees and proven success in the field.

We received three responses in total, two for Bond Counsel and one for Disclosure Counsel. One of the two for bond counsel, a minority firm, sought only to be named as Co-Counsel. Their proposal indicated expertise in public finance, but no transactions in housing matters.

The reviewing team recommended that the agency designate Vinson & Elkins as our Bond Counsel and McCall Parkhurst & Horton L.L.P. as our Bond/Securities Disclosure Counsel.

Staff Recommendation: Staff recommends approval of Vinson & Elkins as TDHCA Bond Counsel and McCall Parkhurst & Horton L.L.P. as TDHCA Bond/Securities Disclosure Counsel.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 10, 2005

Action Item

Resolution Authorizing the use of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to Manage TDHCA's Remaining 2005 Volume Cap

Required Action

Approve the attached resolution authorizing the use of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to issue commercial paper to manage TDHCA's remaining 2005 volume cap of approximately $47.9 million.

Background

TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program ("CP Notes Program") was developed in 1994 to provide more money for new below market rate mortgages. Currently, TDHCA uses the CP Notes Program primarily to recycle prepayments on mortgages financed with proceeds from single family bonds issued by TDHCA in prior years.

Two purposes are authorized for use of the CP Notes Program, recycling of mortgage prepayments and recycling of unexpended bond proceeds. In 2003, the Bond Finance Division recommended and the Board approved expanding the CP Notes Program's authorized limit to $200 million, expanding uses to include the warehousing of volume cap authority and extending the CP Notes Program's expiration date to December 31, 2007. Subsequently in 2003 the Bond Review Board approved an increase in the maximum aggregate authorized amount of commercial paper notes from $75,000,000 to $200,000,000, with the requirement that such amount be reduced to no more than $75,000,000 by December 31, 2004.

The Bond Finance Division will request the Bond Review Board's consideration of approval of an increase in the amount of note authority to $200 million and will further request Bond Review Board approval of the use of commercial paper for the purpose of temporarily managing new volume cap that will ultimately be used to originate mortgage loans. If approved, the expanded authority will be used to manage TDHCA's remaining 2005 volume cap of approximately $47.9 million.

In the event the Bond Review Board does not approve TDHCA's requests or money market conditions preclude the Bond Finance Division from structuring the CP Notes Program as described, the Bond Finance Division will recommend in December 2005 issuing mortgage credit certificates using TDHCA's remaining 2005 volume cap of approximately $47.9 million.

Recommendation

Approve the attached resolution authorizing the use of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to issue commercial paper to manage TDHCA's remaining 2005 volume cap of approximately $47.9 million.

Resolution No. 05-090

RESOLUTION APPROVING THE USE OF COMMERCIAL PAPER PROGRAM FOR REMAINING 2005 MORTGAGE REVENUE BOND VOLUME CAP RESERVATION; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; 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 (the "Act"), for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income 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) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, pursuant to Resolution No. 94-31, as amended and restated by Resolution No. 96-60, as further amended by Resolution No. 96-133, Resolution No. 97-50, Resolution No. 00-26, Resolution No. 03-061 and Resolution No. 03-081 (collectively, the "Commercial Paper Resolution"), the Department has heretofore authorized the issuance and delivery of its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A (the "Series A Notes"), its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series B (NON-AMT) (the "Series B Notes") and its Single-Family Mortgage Revenue Tax-Exempt Commercial Paper Notes, Series C (the "Series C Notes," and together with the Series A Notes and the Series B Notes, collectively, the "Notes"); and

WHEREAS, pursuant to Resolution No. 03-061, the Department authorized the increase in the aggregate principal amount of the Notes (as hereinafter defined) to $200,000,000, the extension of the maturity date of the Notes to December 31, 2007 and the issuance of the Notes for the purpose of warehousing new volume cap; and

WHEREAS, Section 103 and Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 142(d) of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State Ceiling" (as defined in Section 146(d) of the Code) applicable to the State for calendar year 2005 is subject to allocation, in the manner authorized by Section 146(e) of the Code, by the Texas Bond Review Board (the "Bond Review Board") pursuant to Chapter 1372 Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, on July 13, 2005, the Department received a reservation of State Ceiling in the amount of $107,925,498 to be used for qualified mortgage bonds (hereinafter referred to as the "Volume Cap Reservation"), of which $60,000,000 was converted to mortgage credit certificates, resulting in $47,925,498 of remaining Volume Cap Reservation (the "Remaining Volume Cap Reservation"); and

WHEREAS, on October 13, 2005, the Board authorized the use of no more than $5,000,000 of its Remaining Volume Cap Reservation for purposes of issuing the Department's Single Family Mortgage Revenue Bonds, 2005 Series D (the "2005 Series D Bonds"); and

WHEREAS, the Board now desires to authorize the issuance of Series C Notes using all or a portion of the Remaining Volume Cap Reservation; and

WHEREAS, the Board also desires to authorize and approve arrangements to obtain an investment agreement to provide for the investment of Series C Note proceeds; and

WHEREAS, the Department authorized a Commercial Paper Offering Memorandum (the "Offering Memorandum") to be circulated in connection with the offering of the Notes; and

WHEREAS, the Board also desires to authorize and approve an Offering Memorandum to reflect the investment arrangements with respect to the Series C Notes and to approve the circulation of the Offering Memorandum;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

<u>Section 1 – Series C Notes</u>. The Board hereby approves the use of the Remaining Volume Cap Reservation for the issuance of Series C Notes for the purpose of managing the Remaining Volume Cap Reservation; provided, however, the aggregate amount of the Series C Notes issued for this purpose and the 2005 Series D Bonds may not exceed the Remaining Volume Cap Reservation.

<u>Section 2 – Investment Agreement and Investment Agreement Broker</u>. The investment of proceeds of the Series C Notes is hereby approved and the Executive Director and the Director of Bond Finance are each hereby authorized to complete arrangements for investment in an investment agreement including, without limitation, selection of the investment agreement broker, if any.

<u>Section 3 – Authorization of Investment Agreement</u>. The execution and delivery of an investment agreement for the Series C Notes is hereby authorized and approved and the authorized representatives named in this Resolution are each hereby authorized to execute and deliver such investment agreement for the Series C Notes and all documents and instruments in connection therewith.

<u>Section 4 – Offering Memorandum</u>. Each authorized representative is hereby authorized to approve an update to the Offering Memorandum to reflect changes authorized hereby and to take other action necessary in connection therewith and the circulation of such updated Offering Memorandum is hereby authorized.

Section 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 to carry out the purposes of this Resolution: the Chair and Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; the Deputy Executive Director of Housing Operations of the Department; the Deputy Executive Director of Programs of the Department; the Chief of Agency Administration of the Department; the Director of Financial Administration of the Department; and the Director of Bond Finance of the Department.

Section 6 – Authorization of Certain Actions. The Board authorizes the Executive Director, the staff of the Department and bond counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution.

Section 7 – Ratifying Other Actions. All other actions taken or to be taken by the Executive Director, the staff of the Department and bond counsel in order to carry out the purposes of this Resolution are hereby ratified and confirmed, including the submission to the Bond Review Board of the request for approval of the increase in the aggregate principal amount of the Notes to $200,000,000 and use of Notes for the purpose of managing new volume cap authorized by Resolution No. 03-061.

Section 8 – Purposes of Resolution. The Board has expressly determined and hereby confirms that the use of Notes to manage the Remaining Volume Cap Reservation 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 9 – Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 10 – Notice of Meeting. That 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 10th day of November, 2005.

____
Chair, Governing Board

ATTEST:

____
Secretary

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 10, 2005

Action Items

Authorization to change liquidity facilities, if necessary, for TDHCA's pending single family mortgage revenue and refunding bond transaction.

Required Action

Authorize the Bond Finance Division to change liquidity facilities, if necessary, for TDHCA's pending single family mortgage revenue and refunding bond transaction.

Background

In October 2005, TDHCA's Board approved the issuance of Single Family Mortgage Revenue Refunding Bonds, 2005 Series B, Taxable Single Family Mortgage Revenue Refunding Bonds, 2005 Series C (Variable Rate Demand Bonds), and Single Family Mortgage Revenue Bonds, 2005 Series D (Program 65). The following table illustrates the various components of the pending refunding transaction.

Program	Series	Amount *	Purpose	Bond Description
65	2005 B	$26,660,000	Tax-Exempt Refunding of SFMRB 1995 Series A-1	Fixed Rate Bonds
65	2005 C	10,000,000	Taxable Refunding of Taxable SFMRB 1995 Series C-1	Taxable Variable Rate Demand Bonds
65	2005 D	5,000,000	Tax-Exempt New Money (0% Mortgages, 2005 Volume Cap)	Fixed Rate Bonds
Total		$41,660,000		

* Preliminary, subject to change

As noted above, Bond Finance anticipates that 2005 Series C will consist of taxable variable rate demand bonds. In conjunction with the issuance of variable rate demand bonds, issuers obtain "liquidity facilities" or "standby purchase agreements." The liquidity facility protects the issuer in the event the remarketing agent, the investment bank selling the variable rate bonds, cannot find buyers for the variable rate bonds. Bond Finance requests authorization to change liquidity facilities should the current provider not accept TDHCA's terms. If necessary, Bond Finance will pursue changing to DEPFA, as liquidity provider, on terms substantially similar to TDHCA's 2004 liquidity agreement.

Recommendation

Authorize the Bond Finance Division to change liquidity facilities, if necessary, for TDHCA's pending single family mortgage revenue and refunding bond transaction.

Housing Tax Credit Program
Board Action Request
November 10, 2005

Action Item

Request, review, and board determination of two (2) four percent (4%) tax credit applications with TDHCA as the Issuer.

Recommendation

Staff is recommending that the board review and approve the issuance of two (2) four percent (4%) Tax Credit Determination Notices with **TDHCA** 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
05621	Rolling Creek	Houston	TDHCA	248	248	$22,230,278	$14,600,000	$635,273	$634,058
05623	Coral Hills Apartments	Houston	TDHCA	174	173	$8,348,533	$5,320,000	$268,660	$214,140

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2005 Private Activity Multifamily Housing Revenue Bonds

Rolling Creek Apartments
8038 Gatehouse Drive
Houston, Texas

Rolling Creek Apartment, L.P.
248 Units
Priority 2 – 100% of units will serve 60% AMFI

$14,600,000 Tax Exempt – Series 2005

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 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 Rolling Creek Apartments development.

Summary of the Rolling Creek Apartments Transaction

The pre-application was received on May 2, 2005. The application was scored and ranked by staff. The application was induced at the July 14th Board meeting and submitted to the Texas Bond Review Board for addition to the 2005 Waiting List. The application received a Reservation of Allocation on August 18, 2005. This application was submitted under the Priority 2 category. Two-hundred and sixty-nine people signed-in at the public hearing on September 29th with twenty-six people speaking for the record. A copy of the transcript is located in Tab 9 of this presentation. The proposed site is located in the Cy-Fair Independent School District. There is substantial opposition from elected officials and the general community. The Department received letters of opposition from Congressman Culberson, State Senator John Whitmire, State Representative Gary Elkins, County Judge Robert Eckels and County Commissioner Jerry Eversole. There were 269 people in attendance at the public hearing on September 29th, 268 of which signed as opposed to the development. The Department received 66 letters of opposition along with a petition of opposition with 2,116 signatures. A summary of the public comment is as follows: there is no public transportation in the area; there will be increased traffic congestion on Fairbanks North Houston Road; there is no need for an additional “affordable housing community”; the development will create additional burden to the local infrastructure and services; the development is not financially feasible; the developer has been fiscally irresponsible in the past and the development will increase flooding in an area that is already prone to flooding.

There have been many concerns and allegations from the local community in reference to previous federal tax liens not being paid by Mr. Bower and misrepresentations made by Mr. Bower concerning the debts he currently owes. There is a detailed package of information from the neighborhood community. There is also a response from Mr. Bower concerning the allegations. Due to the length, depth and seriousness of the information staff did not summarize the information, but provided the documentation in its entirety in Appendix A.

Mark Bower and Daniel Sereni are the managing general partners and guarantors of Cynosure Properties, L.P. There twenty private limited partner investors that have a $2,000,000 financial investment with Cynosure Properties, L.P. The aggregate net worth of the limited partner investors is $29.5 million with liquidity of $22.6 million to protect their investment should the need arise.

The Rolling Creek Apartments – The proposed development will be located at 8038 Gatehouse Drive, Harris County. Demographics for the census tract (5325.00) include AMFI of $60,469; the total population is 12,145; the percent of population that is minority is 66.79%; the number of owner occupied units is 2,928; the number of renter units is 606 and the number of vacant units is 74. (*)

This development was previously submitted under the 2004 program. The applicant withdrew the application due to an error in posting the signage by the required date. There was substantial opposition from the community for that application.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of $14,600,000. Credit enhancement will be provided by Fannie Mae through a standby irrevocable transferable credit enhancement instrument. During the Construction Phase, Fannie Mae will be protected from risk of loss by a Letter of Credit issued by Wachovia bank, national Association. The Bonds will carry a AAA/Aaa rating. ARCS Commercial Mortgage Co., L.P. (Fannie Mae DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 to 1 (Net Operating Income 1.2 times the debt service) amortized over 30 years. The term of the bonds will be for 33 years. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only, followed by a 30 year term and amortization.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Rolling Creek 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 Wachovia Bank, Fannie Mae, Boston Capital and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area (referenced in the Department's underwriting report) and census information listed above.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
November 10, 2005

DEVELOPMENT: Rolling Creek Apartments, Harris County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
2005 Private-Activity Multifamily Revenue Bonds
(Reservation received 08/18/2005)

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

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Rolling Creek Apartments, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 248-unit multifamily residential rental Development to be located at 8038 Gatehouse Drive**,** Harris County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development. (*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.)*

BOND AMOUNT: $14,600,000 Series 2005 Tax Exempt bonds (*)
$14,600,000 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 August 18, 2004, 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 January 15, 2006, the anticipated closing date is December 16, 2005.

** Preliminary - Represents Maximum Amount*

BORROWER: Rolling Creek Apartments, L.P., a Texas limited partnership, the general partner of which is Cynosure Partners, L.P of which Mark T. Bower holds 50% Ownership and Daniel Sereni holds 50% Ownership as the managing general partner. Boston Capital Corporation 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 October 26, 2005 reveals that the principals of the general partner above have a total of two (2) properties being monitored by the Department. Neither of the two (2) properties have been monitored at this time.

ISSUANCE TEAM: ARCS Commercial Mortgage Co., L.P. (FNMA DUS Lender/Servicer)
Wachovia Bank, National Association (Letter of Credit Provider)
Fannie Mae (Credit Facility Provider)
Merchant Capital. (Underwriter)
Wells Fargo 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 will be publicly offered for sale on or about December 15, 2005 at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION: The Development is a 248 unit apartment community to be constructed on approximately 18.7 acres located at 8038 Gatehouse Drive**,** Harris County, Texas. The Development will consist of eleven (11) three-story residential buildings with a total of 235,540 net rentable square feet and an average unit size of approximately 950 square feet. The property will also have a community building consisting of a kitchen, a fitness center, business center and leasing office. The development will include a laundry room, a swimming pool, barbeque grills and picnic area, and perimeter fencing with access gates.

Units	Unit Type	Sq Ft	Proposed	AMFI
60	1-Bed/1-Baths	675	$650.00	60%
32	2-Bed/2-Baths	962	$779.00	60%
72	2-Bed/2-Baths	998	$779.00	60%
84	3-Bed/2-Baths	1100	$899.00	60%
248	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. *(The Borrower has elected to set-aside 100% of the units for tax credit purposes)*

RENT CAPS: For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income which is a Priority 2 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 Departments Land Use Restriction Agreement.

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid)
$10,000 Application Fee (Paid)
$73,000 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

$14,600 Bond Administration (0.10% of first year bond amount)
$6,200 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: $6,200 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 $634,058 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 $6,308,244 of equity for the transaction.

BOND STRUCTURE & SECURITY FOR THE BONDS: 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.

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development. The Mortgage Loan and security instruments will be assigned to the Trustee and Fannie Mae and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase") and, if conversion ("Conversion") from the Construction Phase to the permanent mortgage period (the "Permanent Phase") occurs, credit enhancement for the Mortgage Loan and if Conversion occurs, liquidity support for the Bonds outstanding will be provided by Fannie Mae pursuant to a Stand-by Irrevocable Transferable Credit Enhancement Instrument (the "Fannie Mae Credit Facility"). Throughout the Construction Phase, Fannie Mae will be protected against risk of loss by a Letter of Credit issued by Wachovia Bank, National Association. If Conversion does not occur and Wachovia Bank has not exercised its option to purchase the Bonds, the Bonds will be subject to mandatory redemption.

In addition to the credit enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consists of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate Fund, the Fees Account of the Revenue Fund and the Cost of Issuance Deposit Account of the Costs Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

CREDIT ENHANCEMENT: The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of AAA/Aaa and an anticipated initial fixed rate not to exceed 6.00%. Without the credit enhancement, the Bonds would not be investment grade and therefore command a higher interest rate from investors on similar maturity bonds.

FORM OF BONDS: The Bonds will be issued in book entry form and will be in authorized denominations of $5,000 or any integral multiple of $5,000.

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.

During the Construction 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, which is anticipated to occur thirty months from the closing date of the Bonds with one six-month extension option, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction 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 (a) from the date of issuance to the Initial Remarketing Date at a fixed rate and (b) from the Initial Remarketing Date to maturity, which is February 1, 2039, or earlier redemption or acceleration at the rates determined from time to time by the Remarketing Agent pursuant to the Indenture.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Mortgage Loan Fund specifically for capitalized interest during a portion of the Construction Phase; (4) or payments made by Fannie Mae under the credit facility.

Fannie Mae is obligated under the Fannie Mae Facility to fund the payment of the Borrower's loan payments in the event the Borrower fails to make any payment of interest or of interest and principal. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

REDEMPTION OF BONDS PRIOR TO MATURITY:

The Bonds are subject to redemption under any of the following circumstances:

Optional Redemption:

The Bonds are not subject to optional redemption prior to the date specified in the Indenture.

On or after such date, the Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan in accordance with the Loan Documents and with prior written consent of Fannie Mae at the respective redemption prices set forth in the Indenture as expressed percentages of the principal amount of the Bonds called for redemption.

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 Financing Agreement and the Mortgage Loan Documents to restoring or repairing the Mortgaged Property or, with the consent of the Credit Provider, otherwise used for improvements to the Mortgaged Property or applied to the reimbursement of amounts owed to the Credit Provider.

(2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction, or with the written consent of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following (a) any Event of Default under the Security Instrument, the Credit Facility Documents or the Financing Agreement or (b) the occurance of a Borrower Default under the Construction Phase Financing Agreement or, at the direction of the Construction Lender to the Credit Provider, a draw on the Letter of Credit in whole.

(3) The Bond shall be subject to mandatory sinking fund installments at the times and in the amounts set forth in the amortization schedule established pursuant to the Indenture.

(4) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.

(5) The Bonds shall be redeemed in whole if the Loan Servicer does not issue the Final Notice of Conversion on or before the Termination Date, unless the Credit Provider otherwise directs the Trustee and the Loan Servicer in writing pursuant to the Indenture.

(6) The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund or the General Account of the Revenue Fund are transferred to the Redemption Account.

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.

The Trust Indenture will create up to six (6) funds with the following general purposes:

1. Loan Fund – Consists of a Project Account, Capitalized Funds Account and an Equity Account. Monies in the Loan fund will be withdrawn to pay the costs of construction of the Development, interest on the Bonds and costs of issuance and costs of the mortgaged property.

2. Revenue Fund – Consists of a General Account, Redemption Account, Credit Facility Account and the Fees Account. Monies in the Revenue Fund shall be disbursed for interest on the Bonds, sinking fund redemption payments, principal amounts due, third party fees and any excess funds to the redemption of Bonds.

3. Costs of Issuance Fund – Consists of a Costs or Issuance Borrower's Deposit Account and Costs of Issuance Net Bond Proceeds Account. 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. Bond Purchase Fund – Consists of a Remarketing Proceeds Account and a Remarketing Expenses Account. Monies are used to pay the purchase price of the Bonds on a Remarketing Date in the event the Bonds are not remarketed and remarketing expenses.

Essentially, all of the bond proceeds will be deposited into the Loan Fund and disbursed during the Construction Phase (over 18 to 24 months) to finance the construction of the Development. 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 selected to serve as the Department's bond counsel in August 2003. V&E has served in such capacity since 1980, when the firm was selected initially.

2. Bond Trustee – Wells Fargo Bank, National Association was selected by the Borrower from the Department's list of approved trustees for multifamily bond issues. This trustee was approved by the Department in December 2003.

3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected to serve as the Department's financial advisor in June 2003.

4. Underwriter – Merchant Capital was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was approved by the Department in September 2003.

5. Disclosure Counsel – McCall, Parkhurst & Horton, L.P.P. was selected to serve as the Department's disclosure counsel in August 2003.

ATTORNEY GENERAL REVIEW OF BONDS:

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

RESOLUTION NO. 05-086

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (ROLLING 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, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Rolling 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, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

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

WHEREAS, the Board, by resolution adopted on October 14, 2004, originally declared its intent to issue its revenue bonds to provide financing for the Development and, after the request for allocation had been withdrawn and resubmitted, the Board, by resolution adopted on July 14, 2005, again declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Note") in an original aggregate principal amount equal to the original principal amount of the Bonds, and providing for payment of interest or principal and interest sufficient to pay the debt service and to pay certain fees described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Loan will be provided for by a Standby Irrevocable Transferable Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); and

WHEREAS, it is anticipated that the Borrower's obligations under the Note will be secured by the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Security Instrument") from the Borrower for the benefit of the Department and Fannie Mae; and

WHEREAS, the Department's interest in the Loan (except for certain reserved rights), including the Note and the Security Instrument, will be assigned to the Trustee and to Fannie Mae, as each of their interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") among the Department, the Trustee and Fannie Mae and acknowledged, accepted and agreed to by the Borrower; 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 Development which will be filed of record in the real property records of Harris County, Texas;

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 a Preliminary Official Statement (the "Preliminary Official Statement") and an Official Statement (the "Official Statement", and together with the Preliminary Official Statement, the "Official Statements") and to authorize the authorized representatives of the Department to deem the Official Statements "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statements as may be required to provide final Official Statements 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 Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Merchant Capital, LLC (the "Underwriter"), and any other parties to such Bond Purchase Agreement 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 Bond Purchase Agreement; 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 Development for the purpose of monitoring the operation and maintenance of the Development; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Official Statements, the Bond 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 Security Instrument 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 Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Note and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chairman of the Board or the Executive Director or Acting 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 Bond Purchase Agreement, 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 or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest (a) from the date of issuance to the Initial Remarketing Date, at a fixed rate not to exceed 6.00% and (b) from the Initial Remarketing Date until maturity or earlier redemption or acceleration, 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; (ii) the aggregate principal amount of the Bonds shall not exceed $14,600,000; (iii) the final maturity of the Bonds shall occur not later than August 1, 2039; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement 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 Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing 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 and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement as appropriate.

Section 1.7--Acceptance of the Security Instrument and Note. That the Security Instrument 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 and Fannie Mae, as their interests may appear, without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment 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 Assignment and to deliver the Assignment to the Trustee.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statements. That the form and substance of the Official Statements and their 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 Board and the Executive Director or Acting 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 Statements 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 Statements, as required; and that the distribution and circulation of the Official Statements 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 Bond Purchase Agreement and as may be approved by the Executive Director or Acting 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 - Financing Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Bond Purchase Agreement

Exhibit F - Security Instrument
Exhibit G - Note
Exhibit H - Assignment
Exhibit I - Preliminary 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 or Acting 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 Development'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 Development.

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--Engagement of Other Professionals. That the Executive Director or Acting 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 Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

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 and all other Department activities.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement and 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 in accordance with its terms, and

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

(c) Public Purpose and Benefits.

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

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

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

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development 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 Chapters 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 or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

Section 4.4--Notice of Meeting. 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)

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting 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 Development 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 be Merchant Capital, LLC.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Development shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.9—Engagement of Other Professionals. That the Executive Director or Acting Executive Director of the Department or any successor is authorized to engage auditors, analysts and consultants to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.10--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 Development 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 Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

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

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

PASSED AND APPROVED this 10th day of November, 2005.

By:_____________________________________
Elizabeth Anderson, Chair

[SEAL]

Attest: ___________________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Rolling Creek Apartments, LP, a Texas limited partnership

Development: The Development is a 248-unit multifamily facility to be known as Rolling Creek Apartments and to be located at approximately 8038 Gatehouse Drive (also having been described as approximately the 7800 block of Fairbanks N. Houston (approximately 315 feet north of the northeast corner of Fairbanks N. Houston and Summertree Drive)), Houston, Harris County, Texas 77040. The Development will consist of eleven 3-story residential apartment buildings with approximately 228,484 net rentable square feet and an approximate average unit size of 921.30 square feet. The unit mix will consist of:

60	one-bedroom/one-bath units
104	two-bedroom/two-bath units
84	three-bedroom/two-bath units
248	Total Units

Unit sizes will range from approximately 675 square feet to approximately 1,100 square feet.

The Development will include an administration office, a business center, a fitness room, an activity room, a game room/TV lounge, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, playground and a picnic area. All individual units will have washer/dryer connections. Additionally, the Development will include 72 garages, 72 carports and 369 uncovered parking spaces.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Rolling Creek Apartments, TDHCA Number 05621

BASIC DEVELOPMENT INFORMATION

Site Address:	8038 Gatehouse Dr.			Development #:	05621
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77040	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:	Rolling Creek Apartments, LP
	Mark T. Bower - Phone: (361) 980-1220
Developer:	Cynosure Developers, LLC
Housing General Contractor:	Northwest Constructino Co., Inc.
Architect:	Meeks + Partners
Market Analyst:	O'Connor & Associates
Syndicator:	Boston Capital
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	248	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	60	104	84	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 11

Total Restricted Units:	248
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	248
Total Development Cost:	$22,230,278

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:	$635,273	$634,058	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:	$14,600,000	$14,600,000	30	0	5.90%

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Rolling Creek Apartments, TDHCA Number 05621

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Whitmire, District 15 | O | Points: 0 | US Representative: Culberson, District 7, O

TX Representative: Elkins, District 135 | O | Points: 0 | US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Robert Eckels, Judge, Harris County - O   Resolution of Support from Local Government ☐

Robert Eckels, Judge, Harris County - The proposed development is consistent with the HUD approved Consolidated Plan for Harris County.

Jerry Eversole, Commissioner, Harris County - O

Individuals/Businesses: In Support **0**   In Opposition **66**

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 269
Number that spoke: 27
Number in support: 0
Number in oppostion: 268
Number Neutral: 1
Neighborhood Petition in Opposition: 2116 signatures

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. Board acceptance of a potential redemption of up to $600K in bonds at conversion to permanent loan status.

3. Receipt, review, and acceptance of evidence that all recommendations of the Environmental Site Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied particularly as the site is cleared.

4. Receipt, review, and acceptance prior to closing of a site plan identifying the location of each former well head referenced in the Limited Stie Investigation as well as all improvements to assure that no structures are plced on former well heads.

5. Receipt, review, and acceptance of C. D. Henderson's financial statements.

6. 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

November 10, 2005

Development Information, Public Input and Board Summary

Rolling Creek Apartments, TDHCA Number 05621

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: $0

Recommendation: N/A

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

Recommendation: N/A

4% Housing Tax Credits with Bond Issuance: Credit Amount: $634,058

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $381,304 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $14,600,000

Recommendation: Recommend approval of issuance of $14,600,000 in Tax Exempt Mortgage Revenue bonds with a fixed interest rate underwritten at 5.95% and repayment term of 18 years with a 30 year amortization period, subject to conditions.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: November 1, 2005 **PROGRAM:** 4% HTC/MRB **FILE NUMBER:** 05621

DEVELOPMENT NAME

Rolling Creek Apartments

APPLICANT

Name:	Rolling Creek Apartments, L.P.			**Type:**	For-profit		
Address:	1650 Frost Bank Plaza, 802 N. Carancahua			**City:**	Corpus Christi	**State:**	TX
Zip:	78470	**Contact:**	Mark Bower	**Phone:**	(361) 980-1220	**Fax:**	(866) 728-2442

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Rolling Creek Apartments Group, L.P.	**(%):**	0.01	**Title:**	Managing General Partner
Name:	Cynosure Properties, L.P.	**(%):**	N/A	**Title:**	100% Owner of MGP
Name:	Mark T. Bower	**(%):**	N/A	**Title:**	50% Owner of Cynosure Properties
Name:	Daniel R. Sereni	**(%):**	N/A	**Title:**	50% Owner of Cynosure Properties
Name:	Winchester Properties, Inc.	**(%):**	N/A	**Title:**	Co-Developer
Name:	C. D. Henderson	**(%):**	N/A	**Title:**	100% Owner of Winchester Properties, Inc.

PROPERTY LOCATION

Location:	8038 Gatehouse Drive		☐ **QCT**		☐ **DDA**
City:	Houston	**County:**	Harris	**Zip:**	77040

REQUEST

Amount	**Interest Rate**	**Amortization**	**Term**
1) $635,273	N/A	N/A	N/A
2) $14,600,000	5.95%	30 yrs	18 yrs

Other Requested Terms:
1) Annual ten-year allocation of housing tax credits
2) Tax-exempt private activity mortgage revenue bond

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

Special Purpose (s): General Population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $14,600,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE UNDERWRITTEN AT 5.95% AND REPAYMENT TERM OF 18 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $634,058 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Board acceptance of a potential redemption of up to $600K in bonds at conversion to permanent loan status.
2. Receipt, review and acceptance of evidence that all recommendations of the Environmental Site Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied particularly as the site is cleared.
3. Receipt, review and acceptance prior to closing of a site plan identifying the location of each former well head referenced in the Limited Site Investigation as well as all improvements to assure that no structures are placed on former well heads.
4. Receipt, review and acceptance of C. D. Henderson's financial statements.
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 248 **# Rental Buildings** 11 **# Non-Res. Buildings** 1 **# of Floors** 3 **Age:** N/A yrs

Net Rentable SF: 235,540 **Av Un SF:** 950 **Common Area SF:** 5,345 **Gross Bldg SF:** 240,885

STRUCTURAL MATERIALS

The structures will be wood frame on post-tensioned concrete slabs. According to the plans provided in the application the exteriors will be comprised as follows: 41% brick veneer, 44% stucco, and 15% mortarless concrete masonry. The interior wall surfaces will be drywall and the pitched roofs will be finished with asphalt 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, tile tub/shower, washer and dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, and 9-foot ceilings.

ONSITE AMENITIES

A 5,345-square foot community building will include an activity room, club room, management offices, media room, maintenance, and laundry facilities, a kitchen, restrooms, and a central mailroom. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition, perimeter fencing with limited access gates are planned for the site.

Uncovered Parking: 441 spaces **Carports:** 72 spaces **Garages:** 72 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The proposed site was purchased from a third party as part of a larger 23.5071-acre tract. An affiliate of the Applicant will control approximately five acres to be used for commercial development. The proposed development will be located on approximately 13-acres with the remaining acreage used for utilities, access (including extension of existing roads), detention and landscaping purposes. The total land area dedicated to the development is approximately 18 acres. Rolling Creek Apartments is effectively a 19-unit per acre (based on 13 acres) new construction development of 248 units of affordable housing located in northwest Harris County. The development is comprised of eleven evenly distributed large garden style, walk-up residential buildings as follows:

- 4 Building Type I with 12 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units;
- 6 Building Type II with 12 two-bedroom/two-bath units, and 12 three-bedroom/two-bath units;

- 1 Building Type III with 12 one-bedroom/one-bath units, and 12 three-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: 18.08 acres 787,565 square feet **Flood Zone Designation:** Zone X

Zoning: No zoning in Harris County

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the northwest area of Houston, approximately 17 miles from the central business district. The site is situated on the east side of Fairbanks North Houston Road, south of Terrace Brook.

Adjacent Land Uses:

- **North:** a new single-family residential development immediately adjacent and Breen Drive beyond;
- **South:** older single-family residential development immediately adjacent and vacant land beyond;
- **East:** vacant land immediately adjacent and older single-family development beyond; and
- **West:** Fairbanks North Houston Road immediately adjacent and vacant land beyond.

Site Access: Access to the property is from the north or south from Fairbanks North Houston Road. The development is to have two entries, both off of Fairbanks North Houston Road. Access to Highway 290 is two miles south, which provides connections to all other major roads serving the Houston area.

Public Transportation: METRO, run by the Metropolitan Transit Authority of Harris County, provides public transportation in the City of Houston. The closest bus stops are located at N Houston-Rosslyn Road and North Klein Circle or Fairbanks-N Houston Road and Hwy 290, each more than a mile from the proposed site.

Effects on Cypress Fairbanks ISD and the fronting roadway Fairbanks North Houston Road: On October 24, 2005 a report was completed by Patrick O'Connor & Associates, L.P. stating the following. "The average HTC unit generates 0.78 students. To be conservative, we have utilized the higher ratio of 0.85 students per unit. Given the subject's 248 units, this would equate to approximately 211 students." (p. 11) Based on the current conditions in the ISD and the projected students which the proposed Rolling Creek Apartments would likely generate, it does not appear that the subject development would place an undue hardship of the capacity of the Cy-Fair ISD." (p. 12) "At an estimated average of 1.25 cars per units, the proposed subject would add only slightly over 1% to the existing traffic on Fairbanks North Houston. Additionally, based on our experience, a significant percentage of tenants in HTC properties in the Greater Houston Area do not work in typical business hour jobs. They tend to have a higher percentage in the following occupations: Restaurant workers, retail clerks, teachers, police and firemen, nurses. Due to the existing high traffic counts on Fairbanks North Houston road, the impact of the proposed subject property is anticipated to be negligible." (p. 13)

Shopping & Services: The site is within several miles of major grocery, shopping centers, a multi-screen theater, 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 September 29, 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 January 10, 2005 was prepared by HBC Terracon Consulting Engineers & Scientists and contained the following findings and recommendations:

Findings:

- The historical review indicates that the site was developed with apparent oil/gas exploration activities from at least the mid-1940s until the late 1970s.

- GeoSearch reviewed the Texas Railroad Commission records to identify oil and gas wells on or adjacent to the site. Based on the review of the GeoSearch report, two (2) plugged oil wells were located on the site and four (4) additional oil and or gas wells were located within approximately 200 feet of the site.
- An apparent pipeline easement was identified transecting the site from the north to the south on the 1944 aerial photograph. No information related to this pipeline was identified; but, it is assumed to be related to the historic on-site oil/gas exploration operations. Based on this information, the apparent pipeline appears to constitute and REC (recognized environmental condition) to the site at this time.
- Numerous empty 5-gallon buckets and disintegrating 55-gallon drums were located throughout the site during the site reconnaissance. Several of the 5-gallon drums were labeled "Motor Oil". Based on the absence of information related to the contents of these buckets and drums, they appear to constitute an REC to the site at this time.
- Trash and debris was observed throughout the site during the site reconnaissance. Based on visual observation approximately 100 dump truck loads of debris, which consisted of tires, wood, metal, concrete, cardboard boxes, glass/plastic bottles, plastic plant pots, construction debris, PVC pipes, cars, and car parts were observed throughout the site.
- While several pond areas were identified on the site and an emergent marsh area was described in the southeast corner of the site, none of the site lies in the 100 or 500 year flood plain according to the most current know flood plain map dated April 20, 2000.

Recommendations: Based on the findings of the assessment, HBC/Terracon recommends that additional investigation be conducted to evaluate if the site has been affected by potential releases from historic on-site oil/gas related activities (and apparent historic pipeline) and potential releases from historic on-site dumping of 55-gallon drums and 5-gallon buckets.

On February 17, 2005 HBC/Terracon preformed a limited site investigation to investigate the soil and groundwater for total petroleum hydrocarbons, benzene, toluene, ethylbenzene and total xylenes, chlorides, and/or the eight listed Resource Conservation and Recovery Act metals. All test results were less than the calculated Tier 1 protective concentration level and based on the results of the investigation recommends that observations be made during the course of any future site clearing/development for such artifacts and that additional environmental investigation be conducted as warranted. Terracon recommends that the location of each well head be identified and included on a survey of the property so that no structures are placed on former well heads. Receipt, review and acceptance of evidence that all recommendations of the Environmental Site Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied is a condition of this report. In addition, a site plan identifying the location of each well head indicated in the Limited Site Investigation as well as all improvements 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 project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. Two hundred and forty-eight of the units (100% of the total) will be reserved for low-income tenants. All of the units 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	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

An original market feasibility study dated July 11, 2005 was prepared by Patrick O'Connor & Associates, L.P. for TDHCA and MMA Financial, LLC and a second market feasibility study dated October 17, 2005 was prepared by Patrick O'Connor & Associates, L.P. ("Market Analyst") for TDHCA and ARCS Commercial Mortgage; both were compared to each other and contained identical information other than the adjusted market rents which varied slightly. Thus the latter market study was not required to meet any department threshold, but was provided in order to ensure that the department had the same copy provided to the new lender. The reports highlighted the following findings:

Definition of Primary Market Area (PMA): "The subjects primary market area includes those properties bound by Jones and Jackrabbit roads to the west; FM 1960 and Highway 290 to the north; the railroad tracks and Houston North Rosslyn Road to the east, and Clay road to the south. This geographic area essentially is contained within the following zip codes: 77040, 77041, and 77064." (p. 37) This area encompasses approximately 50 square miles and is equivalent to a circle with a radius of four miles.

Population: The estimated 2005 population of the PMA was 111,864 and is expected to increase by 11% to approximately 123,861 by 2010. Within the primary market area there were estimated to be 36,418 households in 2005. "The PMA is slightly larger than the TDHCA recommended guidelines of 100,000 population. This is considered justified due to the density of development within the PMA and the greater validity of information available using zip code boundaries rather than arbitrarily chosen boundaries." (p. 10) However the Underwriter has evaluated the effect of a prorata reduction in population in estimating demand.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 1,944 qualified households in the PMA, based on the current estimate of 36,418 households, the projected annual growth rate of 2%, renter households estimated at 28% of the population, income-qualified households estimated at 27%, and an annual renter turnover rate of 65 %. (p. 71) The Market Analyst used an income band of $23,520 to $39,540.

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	68	3%	55	4%
Resident Turnover	1,661	85%	1,234	94%
Other Sources: Not Accounted For Above	173	9%		
Other Sources: Section 8 Vouchers	42	3%	29	2%
TOTAL ANNUAL DEMAND	**1,944**	**100%**	**1,318**	**100%**

Ref: p. 71

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 12.8% based upon 1,944 units of demand and 248 unstabilized affordable housing in the PMA (including the subject) (p. 72). The Underwriter calculated an inclusive capture rate of 13.5% based upon a revised demand of 1,836.

The Underwriter calculated demand for approximately 1,318 affordable units based on a reduced base year PMA population of 100,000 resulting in an inclusive capture rate of 8.8%.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,479 units in the market area. (p. 48)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$606	$606	$0	$695	-$89
2-Bedroom (60%)	$727	$727	$0	$935	-$208
3-Bedroom (60%)	$826	$826	$0	$1,140	-$314

(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 comparable apartments in the subject's primary market area was reported at 92.2% in the most recent O'Connor & Associates Apartment Database survey (3rd Quarter 2005). According to the survey, occupancy in the primary market area has remined in the high 80's since December of 2003…...Based on our analysis of the market, moderate increases in occupancy are projected for this project." (p. 41)

Absorption Projections: "Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 20-25 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy with in six to twelve months following completion." (p. 79)

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 stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. The Applicant's estimate of secondary income included rental income of $51.8K for garages and carports. The Applicant's total per unit secondary income of $32.41 exceeds the underwriting guideline of $15 per unit per month. No additional support for the rental income for garages and carports was provided; however, the Underwriter was able to support an increase in the underwriting secondary income per unit per month to $20 based on actual collections by Houston area affordable developments. The Applicant also utilized a lower vacancy and collection loss rate of 7.2% that contributed to a $41K (2%) higher gross income than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,436 per unit is 12% lower than the Underwriter's estimate of $3,901 per unit for comparably-sized developments in the Houston area. The Applicant's budget also shows several line item estimates that deviate significantly when compared to the Underwriter's estiamtes, particularly: payroll ($27K lower), utilities ($34K lower), and water, sewer and trash ($31K lower). In addition, the Applicant failed to include $40 per unit per years in compliance fees.

Conclusion: The Applicant's 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. 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: (18.08) acres	$750,000	**Date of Valuation:**	10/ 13/ 2005
Appraiser: Robert Coe, II	**City:** Houston	**Phone:**	(713) 686-9955

APPRAISAL ANALYSIS/CONCLUSIONS

There is no indication that the acquisition of the subject site 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: (23.5) acres	$548,900	**Assessment for the Year of:**	2005
Prorated Land: 1 acre	$23,357	**Valuation by:**	Harris County Appraisal District
Prorated Land: 18.08 acres	$422,295	**Tax Rate:**	3.01062

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement (5.301 acres out of 23.380 acres)		
Contract Expiration Date:	11/ 30/ 2005	**Anticipated Closing Date:**	12/ 16/ 2005
Acquisition Cost:	$797,011	**Other Terms/Conditions:**	
Seller:	Rolling Creek Apartments, LP	**Related to Development Team Member:**	Yes
Type of Site Control:	Purchase and sale agreement (23.5071 acres)		

Contract Expiration Date:	12/ 16/ 2005	**Anticipated Closing Date:**	12/ 16/ 2005
Acquisition Cost:	$2,140,096	**Other Terms/Conditions:**	2.09 per SF (3rd amend.)
Seller:	Saiyed Abidali Zaidi & Meetab Zaidi	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: Based on the Third Amendment to a Purchase and Sale Contract between an affiliate of the Applicant and a Third Party, a total of 23.5071 acres will be purchased at $2.09 per square foot. The Applicant provided a second Purchase and Sale Agreement between affiliates for purchase of 5.301 acres out of the total 23.5071 acres at a cost of $797,011 or $3.45 per foot. Sale of the 5.301 acres results in approximately 18 acres remaining for use in the proposed development.

It should be noted the net site cost of $1,331,513 ($1.69/SF, $73,646/acre, or $5,369/unit) is less than the subject 18 acres' prorata share of the third party acquisition cost for the original 23.5071 acres. It appears that the Applicant calculated the acquisition cost by subtracting the contract price for the 5.301 acres from the cost for the original 23.5071 acres. Because the Applicant's claimed acquisition cost is less than the Underwriter's calculation of the prorata share of the original acquisition cost, the underwriting analysis will also include this more conservative acquisition cost of $1,331,513.

Off-Site Costs: The Applicant claimed off-site costs of $788,165 for roads, lift station, and detention pond and provided sufficient third party certification through a professional engineer to justify these costs.

Sitework Cost: The Applicant claimed sitework costs of $9.5K per unit and provided sufficient third party certification through a detailed certified cost estimate by R. G. Miller engineers, Inc. to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that $2,349,632 will be considered eligible. The CPA has not 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.

Direct Construction Cost: The Applicant's direct construction cost estimate is $38K higher than, or within 5% of 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 $169,832 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 $443,417 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 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 adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of $17,961,977 is used to determine a credit allocation of $634,058 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 CONSTRUCTION FINANCING

Source: Wachovia Corporation **Contact:** Omar Chaudhry

Principal Amount: $14,600,000 **Interest Rate:** 5.25%

Additional Information:

Amortization: N/A yrs **Term:** 3 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

PERMANENT BOND FINANCING

Source: ARCS Commercial Mortgage Co., L.P. **Contact:** Kelley Kirkendall

Tax-Exempt Amount: $14,600,000 **Interest Rate:** 5.95%

Additional Information:

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

Annual Payment: $1,044,787 **Lien Priority:** 1st **Date:** 10/ 17/ 2005

TAX CREDIT SYNDICATION

Source: Boston Capital **Contact:** Benjamin Jarvis

Net Proceeds: $6,320,964 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 99.5¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 10/ 14/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $1,309,315 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Bond Financing: The tax-exempt bonds are to be issued by TDHCA and privately placed by ARCS Commercial Mortgage Co. 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 consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,309,315 amount to 47% of the total fees.

Financing Conclusions: The Underwriter'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 projected in this analysis that the bond amount will be reduced by a mandatory redemption of $600,000. The current analysis indicates the permanent mortgage may be reduced to $14,000,000 possibly resulting in a need for additional syndication proceeds or deferred developer fee.

Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed $634,058 annually for ten years, resulting in syndication proceeds of approximately $6,308,244. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $1,922,034, which represents approximately 82% of the eligible fee and which should be repayable from cash flow within ten years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer firms are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The 100% owner of the General Partner, Cynosure Properties, L.P., submitted an unaudited financial statement as of August 15, 2005 reporting total assets of $1.6M and consisting of $268K in cash, and $1.3M in other current assets. Liabilities totaled $0, resulting in a net worth of $1.6M.
- The principals of the General Partner, Daniel R. Sereni and Mark T. Bower, submitted unaudited financial statements as of July 31, 2005 and are anticipated to be guarantors of the development.
- The Co-Developer Winchester Properties, Inc., submitted an unaudited financial statement as of December 31, 2004 reporting total assets of $636K consisting of other assets. Liabilities totaled $622K, resulting in a net worth of $14K.
- The 100% owner of the Co-Developer, C. D. Henderson did not provide financial statements and receipt, review and acceptance of such is a being made a condition of this report.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principals of the General Partner listed no previous 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 Co-Developer Winchester Properties, Inc. 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.
- The principals of the Applicant may not have the development experience to support the project if needed.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Carl Hoover*	**Date:**	November 1, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 1, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Rolling Creek Apartments, Houston, 4% HTC/MRB #05621

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 Only
TC (60%)	60	1	1	675	$686	$606	$36,360	$0.90	$80.00	$10.00
TC (60%)	32	2	2	962	823	$727	23,264	0.76	96.00	10.00
TC (60%)	72	2	2	998	823	$727	52,344	0.73	96.00	10.00
TC (60%)	84	3	2	1,100	951	$826	69,384	0.75	125.00	10.00
TOTAL:	248		AVERAGE:	950	$833	$731	$181,352	$0.77	$101.95	$10.00

INCOME	Total Net Rentable Sq Ft:	235,540		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$2,176,224	$2,176,224		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$20.00	59,520	96,456	$32.41	Per Unit Per Month	
Other Support Income:				0				
POTENTIAL GROSS INCOME				$2,235,744	$2,272,680			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(167,681)	(163,212)	-7.18%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$2,068,063	$2,109,468			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.37%	$365	0.38	$90,402	$85,165	$0.36	$343	4.04%
Management	3.81%	318	0.33	78,777	73,831	0.31	298	3.50%
Payroll & Payroll Tax	12.07%	1,006	1.06	249,578	222,666	0.95	898	10.56%
Repairs & Maintenance	4.77%	397	0.42	98,567	90,784	0.39	366	4.30%
Utilities	2.70%	225	0.24	55,872	22,200	0.09	90	1.05%
Water, Sewer, & Trash	2.41%	201	0.21	49,740	19,200	0.08	77	0.91%
Property Insurance	2.85%	237	0.25	58,885	62,496	0.27	252	2.96%
Property Tax 3.01062	10.83%	903	0.95	223,990	223,900	0.95	903	10.61%
Reserve for Replacements	2.40%	200	0.21	49,600	49,600	0.21	200	2.35%
Other: compl fees, security	0.59%	49	0.05	12,120	2,200	0.01	9	0.10%
TOTAL EXPENSES	46.78%	$3,901	$4.11	$967,530	$852,042	$3.62	$3,436	40.39%
NET OPERATING INC	53.22%	$4,438	$4.67	$1,100,534	$1,257,426	$5.34	$5,070	59.61%
DEBT SERVICE								
ARCS Commercial Mortgage	50.52%	$4,213	$4.44	$1,044,787	$1,044,787	$4.44	$4,213	49.53%
Additional Financing	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	2.70%	$225	$0.24	$55,746	$212,639	$0.90	$857	10.08%
AGGREGATE DEBT COVERAGE RATIO				1.05	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)		6.13%	$5,369	$5.65	$1,331,513	$1,331,513	$5.65	$5,369	5.99%
Off-Sites		3.63%	3,178	3.35	788,165	788,165	3.35	3,178	3.55%
Sitework		10.81%	9,474	9.98	2,349,632	2,349,632	9.98	9,474	10.57%
Direct Construction		45.37%	39,761	41.86	9,860,667	9,898,424	42.02	39,913	44.53%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	3.37%	2,954	3.11	732,618	807,668	3.43	3,257	3.63%
Contractor's G & A	2.00%	1.12%	985	1.04	244,206	269,223	1.14	1,086	1.21%
Contractor's Profit	6.00%	3.37%	2,954	3.11	732,618	807,668	3.43	3,257	3.63%
Indirect Construction		4.05%	3,550	3.74	880,356	880,356	3.74	3,550	3.96%
Ineligible Costs		5.68%	4,981	5.24	1,235,374	1,235,374	5.24	4,981	5.56%
Developer's G & A	2.00%	1.43%	1,256	1.32	311,521	0	0.00	0	0.00%
Developer's Profit	13.00%	9.32%	8,165	8.60	2,024,889	2,786,284	11.83	11,235	12.53%
Interim Financing		3.57%	3,129	3.29	775,971	775,971	3.29	3,129	3.49%
Reserves		2.15%	1,887	1.99	467,955	300,000	1.27	1,210	1.35%
TOTAL COST		100.00%	$87,643	$92.28	$21,735,486	$22,230,278	$94.38	$89,638	100.00%
Recap-Hard Construction Costs		*64.04%*	***$56,128***	***$59.10***	***$13,919,741***	***$14,132,615***	***$60.00***	***$56,986***	*63.57%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
ARCS Commercial Mortgage	67.17%	$58,871	$61.99	$14,600,000	$14,600,000	$14,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,342,867
HTC Syndication Proceeds	29.08%	$25,488	$26.84	6,320,964	6,320,964	6,308,244	% of Dev. Fee Deferred
Deferred Developer Fees	6.02%	$5,279	$5.56	1,309,315	1,309,315	1,922,034	82%
Additional (Excess) Funds Req'd	-2.28%	($1,995)	($2.10)	(494,793)	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$21,735,486	$22,230,278	$22,230,278	$4,045,799

LIHTC Allocation Calculation - Rolling Creek Apartments, Houston, 4% HTC/MRB #05621

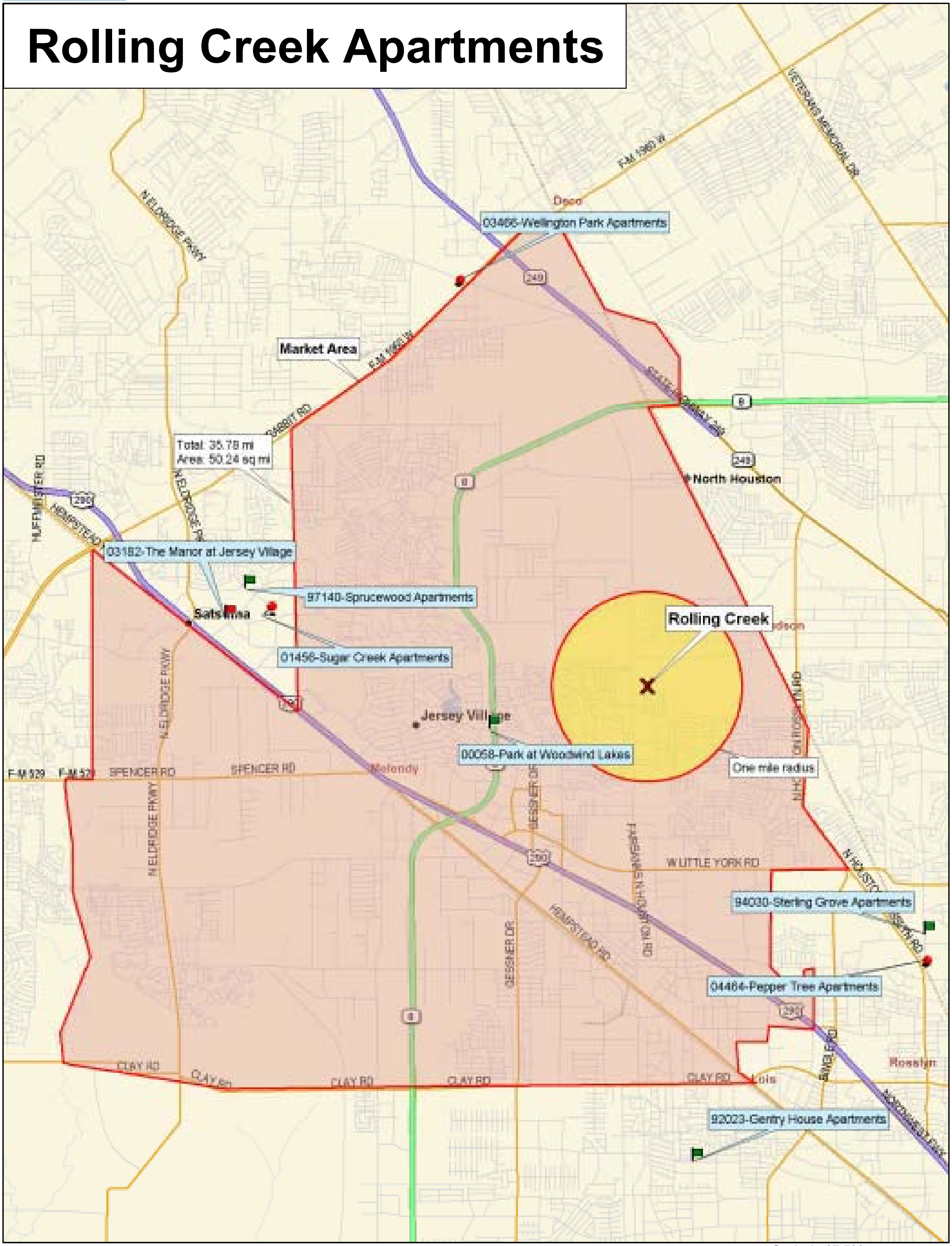
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,331,513	$1,331,513		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,349,632	$2,349,632	$2,349,632	$2,349,632
Off-site improvements	$788,165	$788,165		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$9,898,424	$9,860,667	$9,898,424	$9,860,667
(4) Contractor Fees & General Requirements				
Contractor overhead	$269,223	$244,206	$244,961	$244,206
Contractor profit	$807,668	$732,618	$734,883	$732,618
General requirements	$807,668	$732,618	$734,883	$732,618
(5) Contingencies				
(6) Eligible Indirect Fees	$880,356	$880,356	$880,356	$880,356
(7) Eligible Financing Fees	$775,971	$775,971	$775,971	$775,971
(8) All Ineligible Costs	$1,235,374	$1,235,374		
(9) Developer Fees			$2,342,867	
Developer overhead		$311,521		$311,521
Developer fee	$2,786,284	$2,024,889		$2,024,889
(10) Development Reserves	$300,000	$467,955	$2,342,867	$2,336,410
TOTAL DEVELOPMENT COSTS	$22,230,278	$21,735,486	$17,961,977	$17,912,479

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		$17,961,977	$17,912,479
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$17,961,977	$17,912,479
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$17,961,977	$17,912,479
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$634,058	$632,310
Syndication Proceeds	**0.9949**	**$6,308,244**	**$6,290,860**
Total Credits (Eligible Basis Method)		**$634,058**	**$632,310**
Syndication Proceeds		**$6,308,244**	**$6,290,860**
Requested Credits		**$635,273**	
Syndication Proceeds		**$6,320,334**	
Gap of Syndication Proceeds Needed		**$8,230,278**	
Credit Amount		**$827,246**	

DELORME

Street Atlas USA® 2004 Plus

Rolling Creek Apartments



TN
MN (4.0°E)

Scale 1 : 87,500
1" = 1.38 mi
Data Zoom 11-2

Applicant Evaluation

Project ID # **05621** Name: **Rolling Creek Apartments** 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: 0

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

in noncompliance: 0

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

monitored with a score less than thirty: 0

not yet monitored or pending review: 2

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 10/26/2005

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

Reviewer Audrey Martin
Date 10/19/2005

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 10/19/2005

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
Date

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 Stephanie A. D'Couto
Date 10/26/2005

Executive Director: __________ **Executed:** __________

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Rolling Creek Apartments, Houston, 4% HTC/MRB #05621

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.91	$11,519,730
Adjustments				
Exterior Wall Finish	3.28%		$1.60	$377,847
Elderly/9-Ft. Ceilings	3.00%		1.47	345,592
Roofing			0.00	0
Subfloor			(2.24)	(527,610)
Floor Cover			2.22	522,899
Porches/Balconies	$20.33	21,594	1.86	439,006
Plumbing	$680	188	0.54	127,840
Built-In Appliances	$1,675	248	1.76	415,400
Stairs/Fireplaces	$1,900	88	0.71	167,200
Enclosed Corridors	$38.99		0.00	0
Heating/Cooling			1.73	407,484
Garages	$24.78	0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Carports	$9.20	0	0.00	0
SUBTOTAL			58.57	13,795,388
Current Cost Multiplier	1.01		0.59	137,954
Local Multiplier	0.87		(7.61)	(1,793,400)
TOTAL DIRECT CONSTRUCTION COSTS			$51.54	$12,139,941
Plans, specs, survy, bld prm	3.90%		($2.01)	($473,458)
Interim Construction Interest	3.38%		(1.74)	(409,723)
Contractor's OH & Profit	11.50%		(5.93)	(1,396,093)
NET DIRECT CONSTRUCTION COSTS			$41.86	$9,860,667

PAYMENT COMPUTATION

Primary	$14,600,000	Amort	360
Int Rate	5.95%	DCR	1.05

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.05

Additional	$6,320,964	Amort	
Int Rate		Aggregate DCR	1.05

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$1,001,851
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$98,683

Primary	$14,000,000	Amort	360
Int Rate	5.95%	DCR	1.10

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$6,320,964	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	$2,176,224	$2,241,511	$2,308,756	$2,378,019	$2,449,359	$2,839,479	$3,291,734	$3,816,022	$5,128,414
Secondary Income	59,520	61,306	63,145	65,039	66,990	77,660	90,029	104,369	140,263
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,235,744	2,302,816	2,371,901	2,443,058	2,516,350	2,917,139	3,381,763	3,920,391	5,268,677
Vacancy & Collection Loss	(167,681)	(172,711)	(177,893)	(183,229)	(188,726)	(218,785)	(253,632)	(294,029)	(395,151)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,068,063	$2,130,105	$2,194,008	$2,259,828	$2,327,623	$2,698,353	$3,128,131	$3,626,361	$4,873,526
EXPENSES at 4.00%									
General & Administrative	$90,402	$94,018	$97,778	$101,689	$105,757	$128,670	$156,546	$190,462	$281,931
Management	78,777	81,140	83,574	86,081	88,664	102,786	119,157	138,135	185,642
Payroll & Payroll Tax	249,578	259,561	269,943	280,741	291,971	355,227	432,188	525,823	778,346
Repairs & Maintenance	98,567	102,509	106,610	110,874	115,309	140,291	170,685	207,665	307,395
Utilities	55,872	58,107	60,431	62,848	65,362	79,523	96,752	117,714	174,245
Water, Sewer & Trash	49,740	51,730	53,799	55,951	58,189	70,796	86,134	104,795	155,122
Insurance	58,885	61,240	63,690	66,238	68,887	83,812	101,970	124,062	183,642
Property Tax	223,990	232,950	242,268	251,958	262,037	318,808	387,878	471,913	698,547
Reserve for Replacements	49,600	51,584	53,647	55,793	58,025	70,596	85,891	104,500	154,685
Other	12,120	12,605	13,109	13,633	14,179	17,251	20,988	25,535	37,798
TOTAL EXPENSES	$967,530	$1,005,443	$1,044,849	$1,085,808	$1,128,379	$1,367,758	$1,658,189	$2,010,604	$2,957,353
NET OPERATING INCOME	$1,100,534	$1,124,662	$1,149,159	$1,174,021	$1,199,244	$1,330,595	$1,469,942	$1,615,757	$1,916,173
DEBT SERVICE									
First Lien Financing	$1,001,851	$1,001,851	$1,001,851	$1,001,851	$1,001,851	$1,001,851	$1,001,851	$1,001,851	$1,001,851
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	$98,683	$122,811	$147,308	$172,170	$197,394	$328,744	$468,091	$613,907	$914,323
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.20	1.33	1.47	1.61	1.91

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Rolling Creek Apartments

Public Hearing

Total Number Attended	269
Total Number Opposed	268
Total Number Supported	0
Total Number Neutral	1
Total Number that Spoke	27

Public Officials Letters Received

Opposition	5
U.S. Representative John Culberson	
Harris County Commissioner Jerry Eversole	
Harris County Judge Robert Eckels	
State Senator John Whitmire	
State Representative Gary Elkins	
Support	0

General Public Letters and Emails Received

Opposition	66
Petition from Neighborhood	2116
Support	0

Summary of Public Comment

1. No public transportation available in the area.
2. Increased traffic congestion on Fairbanks North Houston and neighborhood.
3. No need for an additional "affordable housing community".
4. Creates an additional burden to local services such as the school system and volunteer fire department.
5. Infeasibility of the development.
6. Developer has been fiscally irresponsible in the past.
7. The area is prone to flooding.
8. Overcrowing of existing schools.
9. ISD is already overburdened with economically disadvantaged children.
10. Possibility of endangered species located on the property.

I N D E X

P R O C E E D I N G S

MS. MEYER: You have to excuse me. I've caught a cold over the last couple of days. I've been on the road for the past three weeks working with Hurricane Relief. So you have to -- it's catching up with me now I guess.

My name is Robbye Meyer, and I'm with the Texas Department of Housing and Community Affairs. We're here to do a public hearing for the Rolling Creek Apartments, which will be located across the street on North Fairbanks-Houston -- North -- Fairbanks-North Houston, across the street from the school here.

To give a brief summary to kind of give you an idea of what we're going to do tonight, I'm going to do a brief presentation about the programs that are being used for this particular development.

The developer is here, he'll make a few words about the particulars of the development and some things that have changed since the last time we had a public hearing for this particular project.

Then I'll give a brief speech and I'll start the public comment at that time. Once we get through all of the public comment, if you have questions and we still have time, I'll go back and try to answer as many of those questions as I possibly can. Okay?

For the particular development, what the Texas Department of Housing and Community Affairs does, we have two different programs that are in use here. Once is the private activity bond program and one is the housing tax credit program.

The private activity bond program is done by a scoring system. They send in a application, then there's scoring, and we submit our application to the bond review board.

They use the private activity bond program because there's a lower interest rate. It is tax exempt bonds. The tax exemption though is to the investor, it's not the project itself, it is not to the developer. It's to whoever invests in purchasing the bonds.

The housing tax credit program also deals with investors. Investors come in and buy the tax credits and gives equity to the development at the very beginning and allows them to charge lower rents to the tenants that will be living there.

In conjunction with both of those programs, it allows the developer and the development community to build a higher quality product, and also have a higher social services coordination within their developments.

So that's the two main projects -- I mean the two main programs that are being used for this particular development.

The tax credit and also the tax exemption to the investors, it's much like the mortgage interest deduction that you take on your tax return every year. It has the same net effect to the IRS. The Department is not loaning out dollars. I know a lot of people get that confused and say that we're loaning out state funds.

But there's not dollars being changed hands within the Texas Department of Housing. We're only the issuer of the bonds. They will be privately owned and privately managed. There'll be a lender involved, a private lender and not the government. And there'll be a syndicator involved with the tax credit piece.

So it's all privately owned, and it's not Section 8 housing, it's not public housing, the government doesn't have anything to do with the running of the facility, it will be private run and managed.

That's the two programs that are involved. I'm going to turn the floor over to Mark Bower, who's the developer for this particular development, let him give you some specifics about the development, and then we'll start public comment shortly thereafter.

MR. BOWER: Hello. I'm Mark Bower, I'm with Cynosure Developers, and we're the developers of this community.

I guess what I want to do is kind of go over again what we tried to do and how we tried to help everybody in the community understand what was going on. We met with three of the different community groups, the ones directly adjacent to our property, and the goal was to help people understand what --

Can't hear me? Hello? Can you hear me now? Hello? There, that's better. Now I can me now. Okay, slower too.

My name's Mark Bower, I'm with Cynosure Developers. We're the developers of the community across the street. I'm just going to kind of go over what we did and what's changed on the community and how it's going to look and what we've done to try to help educate people and let people know what's going on, and look for feedback from the community.

We met with three of the different community groups, the ones directly adjacent to the property. And what we took on first was describe the typical tenant. So there's guidelines, what everyone's heard is what the most amount of income a person can earn, and the we also have the guidelines of what's the minimum. What does someone have to earn to be able to come in and afford our rents.

We passed out qualification guidelines on what will be used in our properties. People basically have to make three times the rent in earnings, which translated down means -- for example, one bedroom units -- we're going to have 248 units, six one bedroom units.

So someone's got to make a minimum of $21,000 to be able to live there. And we can only have two people per bedroom, so it's -- and the most they could make is, if there are two people in that room, $29,000. So you have people making, in a one bedroom, between $21,000 and $29,000.

Two bedroom units, we're going to have 104 of those, three bedrooms, 84. So a two bedroom unit, you know, rent's $706, on the one bedroom it's 589. Rent's $706 for a two bedroom, so a person's got to make a minimum of $25,000, and then depending on the size of the family, if it's three or four persons, they can go up to $36,000.

So you'll see people making 25 to $36,000 range in the two bedroom. And in the 84 three bedrooms, you'll see -- the rent there is $813, a minimum income 29,600, the maximum is -- go up to a six person, would be 42,000.

So in those units, you know, roughly between 30 to 42,000 will be the income level of those tenants.

We've tried to kind of paint for people too who makes that's kind of money, and it really is just a broad brush stroke of the average workers. And these are not people that are on welfare. Again, this is not a welfare based program. These are people that have to pay their rent and have qualifications.

We told everybody about Capstone. If you don't know, Capstone Property Management Company is going to be our property managers. They're one of the largest property managers in the state. They're very experienced in affordable housing. They're going to be overseeing this.

They have very strict requirements, which we have in place with them, you know, for checking for criminal backgrounds, anyone that's ever been charged, detained, arrested, or any type of felony offense for sex crimes, assault, weapons, drugs, whether they're convicted or not, they'll not be accepted. And then we search the sex crime database and we won't take anybody that's a sex offender.

So these are the things that -- we gave everyone that came to our meeting copies of this. It will basically have 248 units, like I said, and a big clubhouse. It'll be a gated community and guarded.

For the tenants it'll -- we're excited about most of what we heard from the people. We heard the standard things about property values and things like that, which we tried to show people this is not that type of tenant, this is not what's going on.

The biggest concern, and the thing we were concerned about is the way the road's going, the entrance. The city forced us to connect the two roads between the two communities on the north and south of us. They forced us to -- Gatehouse Drive and I think it's called Claire, the new community on the north side -- they forced us to connect those, and obviously everyone's concerned that everyone's just going to drive in and out of their neighborhoods.

At one time -- we don't own the land where Tami Renee goes and goes straight across, so we couldn't get Tami Renee going out there. And so we were going to have to put a drive on the north side. We thought that was -- what we've worked out this summer -- it's with the owner of the land on the corner -- we've gotten a piece of his land and we've got a plat approved with the city, we're going to put a four way stoplight.

And so Tami Renee will basically go straight. And so the logic being, will there be a road going between the two communities? Yes, but there's a straight road with a four way stoplight coming straight off Fairbanks-North Houston that'll go directly into the apartment complex and leave.

So logic tells you that most people will use that. And I've brought a drawing of it if anyone wants to see how that's set up.

What else? You know, we showed people some of the physical attributes, the way we've combined some of the brick, and the other stuff. We've tried for the communities next door, we've moved the building away from the side of the property, put the parking spaces there so people wouldn't feel like there were big buildings in their backyard.

We got top notch, and we tried to pass out -- if we had enough, we passed out CD roms of our contractors, general contractors, Northwest Construction. They've built many, many of these. At some of the community shows we showed slides of the way these things physically look and what quality they are.

And the other things, you know, we talked to people about some of the social services, what we do provide to our tenants. We -- you know, as most people, two wage earner families, so we're all looking for what do we do with our kids after school, how do we make sure they're taken care of, how do we make sure they get their homework done.

One of the things we've actually changed on our community building is we actually expanded the public areas for the school. We're basically going to provide after school tutoring for free. We've got an interdenominational social -- you know, church based type group that's going to provide those services. We've contracted with them.

They're going -- we've got two big classrooms that have computers, tutors, and basically, you know, help the parents, make sure their kids do a good job in school, and so we're very proud of that.

MALE VOICE: You need to get closer, sir.

MR. BOWER: I'm sorry. Okay.

MALE VOICE: And slow it down.

MR. BOWER: Okay.

MALE VOICE: I'm sitting right here and I can't hear you.

MR. BOWER: I apologize.

Let's see. But, I mean, that's really the basics of what we have.

MS. MEYER: Everyone, make one correction. In the handout there is -- it says that the development will be presented to the TDHCA on December 8. It's actually on November 13. A possibility it could be -- what?

FEMALE VOICE: November 10.

MS. MEYER: It's October 13, okay.

MS. ROTH: October meeting's the 13.

MS. MEYER: October meeting is the 13, November is the 10th. You're correct. Actually, I'm going to have it posted through the website on this transaction.

Do what now?

FEMALE VOICE: What is the correct date --

MS. MEYER: November 10 is what it is scheduled at right this minute in time. It is scheduled for November 10. All public comment will be due by October 28. And I'm going to post this to the website so you won't -- you'll have it and it'll be correct, and you can -- I'll update anything. If that date changes for any reason, we will send out new notifications saying that the board meeting has changed.

And we have been very cooperative to the legislators -- the legislative branch that is handling this particular district. And we will be notifying them, if there are any changes to be made for this particular transaction.

MALE VOICE: Slow, sure and slower.

MS. MEYER: Okay. On the very back page of that is my contact information. If you have any questions, if somebody was unable to be at this particular hearing -- and I know a hurricane came through, I've been working on that, so I know it hit -- if anybody can't actually -- if they couldn't be here tonight, they're more than welcome to send me an e-mail.

My address is also on there, they can send it to my address. All public comment up until October 28 will go into the board packet for the TDHCA board to review. And, again, I will update the website so you'll have that information.

When we start public comment, each of you, whoever wants to speak, my associates -- Shannon Roth and Audrey Martin right here with me -- Shannon will up and running the hearing once we start. She'll call your names, you'll have three minutes to make your comments, and we'll go through -- we do have a timer up here. When it goes off, I'm going to ask you to stop your comments at that time and take your seat.

Again, 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. Let the record show that it is 6:58 on Thursday, September 29, 2005. And we are at the Reed Elementary School located at 8700 Tami Renee, Houston in Harris County, Texas.

I'm here to conduct the public 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.

MALE VOICE: We can't hear you, ma'am. You've got to --

MS. MEYER: Okay.

MALE VOICE: -- get closer. I'm sorry. These folks --

MS. MEYER: I'm almost --

MALE VOICE: -- can't hear --

MS. MEYER: -- swallowing this mike here, so --

MALE VOICE: Pull the mike to you. Pull the mike to you.

MS. MEYER: This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for individuals to express their views regarding he development and the proposed bond issuance.

No decisions will be made at this hearing. The Department's board is scheduled to meet on November 10. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at the hearing -- at the board meeting on the 10th. And you can also send in written comments to staff up until 5:00 on October 28.

The bonds will be issued as tax exempt multifamily revenue bonds in an aggregate principal amount not to exceed $14,600,000, 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 belong to Rolling Creek Apartments, L.P., or a related 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:

248 unit multifamily residential rental development to be constructed on approximately 18 acres of land located at 8083 Gatehouse Drive in Harris County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a

related person or affiliate entity thereof.

I'll now open the floor up for public comment.

MS. ROTH: Does anyone have a witness affirmation form they haven't submitted to us yet?

(No response.)

MS. ROTH: Okay.

FEMALE VOICE: Can we turn the podium around so there's a place to put our information --

MS. ROTH: You do have a place right here, ma'am. I mean, we prefer you facing this way.

I'm going to call about three names, and so you can kind of be heading up. That way we can kind of move things along a little faster.

Jolene Featherstone, Nicole Ray, and Rodney Coleman.

FEMALE VOICE: Are they supposed to sign in that they were here? I don't know that everybody has that information that there are sign in sheets in the back.

MS. ROTH: There are sign in sheets in the back. If you have not signed in and would like to do so, please do so before you leave this evening, and we'll collect those before we leave.

There's also witness affirmation forms back there. If you'd like to speak, please fill those out and bring them up here. And if you decide to speak, we're in the middle, feel free to go ahead and get one and we'll just add you to the list.

MALE VOICE: Before you start, do we have a chance to question the developer --

FEMALE VOICE: At the end of the hearing.

MALE VOICE: At the end of the hearing. Okay.

MS. FEATHERSTONE: What am I going to do, face this way? I talk loud, I don't have a problem with this. I don't mumble, and I talk loud.

Okay, everybody, can you hear me? Okay.

My main concerns, of course, because I'm an elementary school teacher here in the CyFair District, include education.

Oh, am I talking in the wrong one?

MS. ROTH: No, no.

MS. FEATHERSTONE: Hello?

MS. ROTH: No.

MS. FEATHERSTONE: Okay. Sorry. I'm worried about the overcrowding in our schools, and the dropping test scores, and everything else that comes with that. I'm in a school right now further out in the district that at start of school had 1300 kids, now with flood victims, we're up to almost 1400.

I'm teaching in a corner of the library. I can't hear my kids, they can't hear me because there's book fairs going on, there's planetariums in the library, there's all this stuff going on. We have classrooms in closets. It is too crowded.

The district is trying its best to keep up. We're getting portables moved out -- we finally have portables, but anytime it rains the children are soaking wet because we haven't gotten the other part, the roofs put in.

I mean, it's just horrible. The district can't keep up with this. And when we put in more development, it's just going to add to it. Not only that, but it's going to add to your tax dollars because a lot of times you -- with developments such as this, you're going to get lower socio-economic students.

They deserve an education also, but along with that, you need to know that they're probably getting free and reduced lunch, which costs us more tax dollars. They're getting probably tutorial services, extra services like I provide when I'm helping teachers, where I pull out struggling kids, things like that.

All those things cost money. And we want to do that for our students, it's important to -- you know, not matter what lower -- not matter what socio-economic caste system, whatever you want to call it they're in, I know it's important.

But I'm saying, right now, in this area too, Reed Elementary is having the same type of problems with overcrowding.

You can see up there they were exemplary in '98 or '99. Every year the tests are getting harder and the scores are going down. They're barely recognized at this point. If we keep adding more schools -- I mean, more students, and we don't have the resources to back that up, it's going to cause more problems, and our children are suffering and their education is suffering. And I'm concerned about that.

Also as a flood victim -- I lived in Woodland Trails West -- back in the day of Allison, flooded then in 1998, it is devastating. You've seen all these things. You don't know what it's like till you've lived through it. And I don't have a foot of water in my house.

With this proposed development, I'm concerned that, yes, they do have a nice retention pond, that's great. That's going to help out their tenants. They're probably not going to flood. But without that extra grass and soil and trees there to help with erosion and run off, where's it going to come? It's going to come right into Terrace Brook, Courtyard Glen and over into this neighborhood here.

I'm just concerned about all these issues, as well as traffic. Traffic's another a big one, because it took me two and a half minutes just to pull out to get here, out off of Summer Tree coming out of the neighborhood. Two and a half minutes. I just sat there and counted.

And that's at 6:00. Well, on -- you know, I know that's traffic time, but if they put that road through, when I go to check my mail on Gatehouse, I'm going to be -- barely miss run down, and more importantly a kid might hit. There's a lot of mailboxes on Gatehouse and it's not a safe place for a road to be cut through.

FEMALE VOICE: Yes.

MS. FEATHERSTONE: Thank you.

MS. ROTH: Nicole Ray.

MS. RAY: Good evening. My name's Nicole Ray. I'm a nine year resident of Woodland Lakes. And I have many concerns about the proposed development, but tonight I'd like to talk about some of the financial concerns that I have regarding it.

There have been multiple federal tax liens filed against Mr. Bower in Nueces County Clerk's office. We have one, ax 941 for 28,000; tax 1040, 13,000; tax 1040 for 32,000. That was just released 6/30/04. So that looks like that was just paid before the application went in.

Also in the District Clerk's office of Nueces County, this was just filed on July 14, 2005. We've got IRS, 43,748 for Cynosure Properties, old taxes; IRS 2003, 23,000; IRS 2004, 43,000; IRS 2005, 7,500; WHI related notes, 438,000. A whole list of others. And this is a personal debt of Mr. Bowers that totals out to be 820,689, almost a million dollars. That concerns me.

I don't know if any of this is included in his application for this property, but I would hope that it would. I was under the understanding that only 12,000 of this 820,689 was actually included in the financial report. But that is debt as a matter of public record.

Also, Mr. Cereni has filed voluntary Chapter 7 bankruptcy in 1991, and again in 1994 in the Court of Southern District of Texas. He also forfeited his right to do business as Texas Plantations, Inc. for failure to file franchise taxes in 1999. That's as of record of the Secretary of State.

I believe that it looks like Mr. Bower and Mr.

Cereni have already had their tax credits, you know.

I don't like to pay my taxes, but I understand that that's what keeps this country running. The taxes that we pay keep our MUD district, our hospital, utility district, our school districts up and running. And I just don't th ink that you demonstrated very good financial responsibility to be asking for millions and millions of dollars from the State of Texas.

I believe that the best predictor of future behavior is your past performance, and you just have not demonstrated any type of financial responsibility.

(Pause.)

MS. RAY: And I'd like to urge the board to consider this financial information that I've submitted tonight when they consider their decision before loaning this developer that kind of money.

Thank you very much.

(Pause.)

MS. ROTH: Rodney Coleman, Terry Ryan and Brian Thomas.

MR. COLEMAN: Good evening. My name's Rodney Coleman. All my friends know me as Whip. I've been an area resident here in Woodland Trails for the past 14 years.

First, I'd like to address Mr. Bower, and then I'd like to address the board members.

Mr. Bower, I'd like to read a quote of yours concerning opposition to the Rolling Creek project from the *Houston Chronicle* April 28 of this year. I quote your words, "This is class warfare. These people believe people who make less money are worse than them."

Well, Mr. Bower, if you'd spent any time in our community, you'd see that these people are from a truly multi-racial community of every income level. Forty-five percent of the students in this very school, in the schools that serve our local neighborhoods, are economically disadvantaged, as defined by CyFair ISD.

Your words are an insult to everyone in this room. And I personally take rank exception.

(Pause.)

You have no concern for our community, or for that matter, the residents of your proposed project. Otherwise, you would be building this project in a more suitable location that can serve residents by being in close proximity to medical care facilities, school services, retail establishments, parks, public transportation, and less crowded schools that could provide the best educational opportunities for those

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
ROLLING CREEK APARTMENTS

PUBLIC HEARING

Cafeteria
Reed Elementary School
8700 Tami Renee
Houston, Texas

September 29, 2005
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

ALSO PRESENT:

SHANNON ROTH
AUDREY MARTIN

children from that project.

Mr. Bower, you obviously don't care about any of these issues, and are trying to hide behind a cloak, en empty cloak, of self-righteousness.

(Pause.)

MR. COLEMAN: Now I'd like to speak to the board members of the TDHCA to voice my concerns about he overdevelopment of the White Oak High Bayou watershed and the impact it has had, and will continue to have, for the residents of this area.

I can speak to you as a authority on this issue as my family and I have been personally devastated three times in the last seven years by the flooding of our homes. Tropical Storm Frances brought over two feet of water into our home. Afterwards, we were relieved to see a couple of large retention ponds completed in our neighborhood.

And we were feeling pretty secure when Tropical Storm Allison rolled in, only to have three more feet of water pour into our home, as well as the home of my elderly parents in Oakwood Forest.

This really emphasizes the point that land development is the White Oak Bio Water Shed is way ahead of the water shed's ability to handle the run off.

This brings me here tonight with the question of how a high density housing project covering 25 acres of currently undeveloped land, part of it being wetlands, how would this impact the local water shed?

Well, I guess that answer is obvious to anyone with a lick of common sense. In a new land development, the trade off equation of retention capability and the amount of run off generated, is always a losing proposition for the folks down stream, and that's us.

FEMALE VOICE: That's right. Yes.

MR. COLEMAN: So it seems ludicrous that while government agencies have spent $150 million --

MS. ROTH: Sir, your time is up.

MR. COLEMAN: Almost done.

MS. ROTH: Can you please wrap it up and take your seat?

MR. COLEMAN: Yes. To buy out one damaged home in our local zip code, this is acknowledgment of a big problem. At the same time, the Texas Department of Community Affairs wants to spend more money so it can flood more homes, so it can buy out more homes and spend more tax dollars.

This just makes no sense. I ask the board to please deny this application.

(Pause.)

MS. ROTH: Terry Ryan, Brian Thomas.

FEMALE VOICE: Excuse me. Can you not call out the names while we're clapping so we hear our names, please.

MR. RYAN: Okay, I'm Terry Ryan. I live over in Rolling Fork. Admittedly I was a little bit ignorant of some of the details of this development, but, I guess really what really kind of makes me upset about this whole idea is why there has to be a whole development for low income people when it would seem much more equitable to all -- everyone concerned, if individual apartments were subsidized.

There's apartment complexes all over the place around here. It would seem like a low income family wouldn't want to be identified as living over in the low income apartments across the street.

Also, I do know from past work experience -- I'm retired now, but low income people, sooner or later, need public transportation. There's no bus transportation on Gessner, the traffic is bumper to bumper during rush hours.

Also Rolling Fork subdivision, which I live in, collects fees for parks and services, and we -- well, basically our homeowners association enforces minimum standards. I don't know how long this apartment complex can continue. Most of them seem like they run down, witness Spring Branch, witness some places over here on Antone [phonetic].

Also, I'm a little concerned about how this project got started out of the blue. If there's some sort of political funds contributed to state officials such as Governor, Lieutenant Governor, Speaker of the House, somebody high up there. And I'm a little dubious of how these things get off. It seems, like I say, much more equitable to put people individually in existing apartment complexes and subsidize them there.

Another thing is, there is a race track down the road which, you know, where there's gambling and whatnot, and I'm sure that will appeal to people who are low income because they spend all their money gambling.

There's no sidewalks. I see people right now walking in apartment complexes over on Philippine. There's no sidewalks over there. They're walking to Jersey Village High School, they're walking to little convenience stores.

There's no sidewalks, they're walking in ditches. These are young kids. And if these people have children, they're going to have a very rough time of it here because there's nothing but grass.

And it just seems like a bad idea really, when a much better solution would be to place individuals in apartment complexes where there are other people there besides just low income, and they wouldn't be identified as I live in the low income complex.

Thank you very much.

MS. MEYER: I think -- I didn't actually, when I started this, recognize any of the public officials that are here. I don't know if there's -- I know there is representation here from Representative Gary Elkins' office.

I don't know of anybody else. If there is, if you could raise your hand? Okay.

MALE VOICE: I didn't hear what you said. I didn't hear the question.

MS. MEYER: Well, I was just letting you know that normally I would ask about public officials, if they're here. I only know of one, which is representation from Representative Gary Elkins' office is here.

I was asking if there were any others in the audience that were representing public officials, and there's not. I just want to let you know that there is representation from Gary Elkins' office.

MALE VOICE: Where?

MALE VOICE: What's your point?

FEMALE VOICE: Yeah, what's the point of bringing this up?

MS. MEYER: No, I was just letting you know that your public officials are here to hear your comments directly.

MALE VOICE: If they'll support it, we'll pull them down. That's their actions. This is very simple.

MS. ROTH: Okay. Brian Thomas, Charles Jackson and Russell Rush.

MR. THOMAS: I'm Brian Thomas, and I have lived in Woodland Lakes since 1999. I'm afraid I'm inadequately prepared as compared to some of my neighbors. Most of the things that I wanted to speak to have already been discussed.

What I would like to mention, it's a small detail now, but I'm concerned about Fairbanks-North Houston already is a very busy thoroughfare. I believe it's very dangerous, highly dangerous. The dump trucks usually go about 60 miles an hour, and, you know, Deputy Bob, Constable Bob can't catch them all.

I'm concerned -- he tries, I know, I see him --

but -- he's a great guy, I know.

But I'm concerned that -- I've heard Mr. Bowers speak that, you know, it sounds like a very nice idea to provide social services, community services for any kind of community, whether it be low income or otherwise. But it seems to me that that would entail eventually some sort of bus service. That's what I would do if I were dictator.

But I think increased bus service on Fairbanks-North Houston would be a tremendous mistake. It would make an already busy thoroughfare much busier. I realize that's a minor concern, but that's about all I'm left with here.

And I would like to leave -- perhaps I'm getting ahead of myself or ahead of this process, but I recall that when the application was first -- and we had a meeting like this many months ago, that the county also had been considering putting in some sort of project like this. It was going to be directly across from Tacata [phonetic] and further on down.

I think we need to be aware that for some reason, perhaps I'm paranoid, but this area might be targeted for this sort of project. I don't know who would do that, why they would do that.

But I think we should also consider that this may not be the last meeting of this type that we have to organize and be concerned with, because perhaps this area's being looked at as, oh, this is a great place to put some affordable housing.

I think, for my one small concern alone, that's incorrect, it would be the wrong thing to do for our community. And other neighbors have spoken much more eloquently than I, as to why this is not a very good idea. I'm sorry.

MR. JACKSON: Good evening. I'm Charles Jackson. I live in Rolling Creek -- excuse me, Rolling --

MALE VOICE: Can't hear you.

MR. JACKSON: -- Fork. Can you hear me now?

MALE VOICE: Yes.

MR. JACKSON: Okay. I'm Charles Jackson. I've live in Rolling Fork for the past five years. Love it over there, want to keep it the same way it is.

I'm here to discuss some of the apparent inconsistencies, or what I think are errors, in the market study that was provided with the application to TDHCA. I mean, you guys all understand we have a Ruth's Chris Steakhouse at Fairbanks-North Houston and 290?

MALE VOICE: No.

MR. JACKSON: Been there? That's one of the small things that's in there, and it's really -- it was humorous. That's the reason I mention that. But we don't have a steakhouse.

I'm sorry. Is that better? Okay. We do not have a Ruth's Chris Steakhouse, and there are other errors in this report. For example, only one HTC project is shown in the area. That's on Philippine, and there are two more, one on West Road and one on Sugar Creek that are not listed in here, but in the same market area.

These HTC properties have gone so far as to give rent concessions after giving someone 60 percent rent reduction in order to keep their places 90 percent occupied or 95 percent occupied. I don't think this project is fiscally responsible.

Apartment rates, according to Apartment Data Services, apartment occupancy rates, according to Apartment Data Services, as of January -- excuse me -- January in 2005 is 85.9 percent. I don't know any business person that wants to come in and say that I'm going to build a house or houses or apartments and have 15 percent unoccupied.

A more recent study in August 2005 indicated the market rate was at 80.4 percent occupancy, nearly 20 percent unoccupied. I don't think it's a good idea to spend this much money on something that's going to have 20 percent unoccupied apartments.

In addition to the two other HTC properties that are in nearby proximity, there are dozens of apartment complexes. We've identified more than 15 of those at this point that offer lower rents than what Rolling Creek is going to offer. If you're looking for a lower income, and this is not a low income project, I think, according to TDHCA, it's a housing tax credit project, and supposedly middle class workers.

But the rents are now lower. The only advantage to this is advantage to the income tax credits that the developers and the investors are going to get.

MALE VOICE: Right.

(Pause.)

MR. JACKSON: The market study appears -- I think that says my time's up -- but the market study appears to be skewed a little bit toward what they want to show and not what's actually in our area, so.

(Pause.)

MS. ROTH: Russell Rush, Phil So, and Kevin Williams.

MR. RUSH: Good evening, fellow neighbors. My name is Russell Rush. I'm the MUD 23 director and president of MUD 23, which supplies water for Woodland Trails West, Terrace Brook, and Courtyard Glen. My wife and I and family lived in Woodland Trails since 1983 -- '82 rather.

And I'm concerned about the quality of life in our area deteriorating over time. We've been here and seen the flood in 1989, and also Allison. And I've seen it progressively get worse as more and more build up has taken place in our area.

As we provided water for Terrace Brook, we noticed that that area was graded and built up higher, about a foot higher than it was previously. We see more water flooding in -- south towards Woodland Trails West and Courtyard Glen.

And I'm very, very concerned about continued flooding issues as that area's built out more and more. As 25-plus acres is built out we're going to see more and more run off in our area, and I think we have enough flooding as it is. I'm sure most of you would agree that the streets flood, the areas flood.

And I'm sure that Mr. Bower, you can find another area to build this, in a different part of town and still make money and create income for your business.

But we're just very, very concerned about this continued congestion and development and flooding in our area, which I'm sure will get worse if we continue to see more and more build up.

So I'm sure, like you, you don't want to see that happen. So I think we should vote down this project. Thank you.

(Pause.)

MR. SO: Hi there. I'm Phil So. I live in Courtyard Glen. I've been there just over a year now.

I'd like to raise an issue that concerns me deeply. It's about our local schools. You've heard people who work in our local schools talk about the overcrowded conditions. Well, I'm a kind of facts and figures kind of guy.

We got some information from the CyFair ISD about the various schools, all the statistics. The total number of students -- this is the number of students who are from economically disadvantaged families.

We also went and got information from each school's website in the CyFair District, they talk about their academic performance. Here we go. You can go look this all up yourself.

And I've neatly summarized this. Here I'm showing -- I know you can't read this, you can look at this afterward if you'd like -- that show the current population, the percentage that are low income, and the percentage of the students that meet the Texas academic standards. Okay?

A different way of expressing this, I've done a little graph. Remember this graph, that red line represents 40 percent of the students being over -- below the poverty line. The schools that are nearest are Frazier, Dean, Reed and Jersey Village. Notice quite a few of them are quite high in the percentage of economically disadvantaged students, and notice that the -- for these schools, the performance is a lot lower.

Not that's our data about our current situation. Them's the facts about what we got here.

Now, according to the TDHCA manual for such developments, Mr. Bower is saying, you know, you've got to have such and such income levels. But in there, there's a nice little section that says you cannot turn away people with Section 8 subsidies and such. Is that not correct?

MS. MEYER: That's from the Fair Housing --

MR. SO: But that's in your manual, isn't it?

MS. MEYER: That's --

MR. SO: Yes.

MS. MEYER: -- Fair Housing.

MR. SO: Okay. Now doing some further research on what other people have found about similar situations, the University of Baltimore, they've done some research where -- here, let's just read it.

The level of poverty school-wide also has an effect on an individual student's achievement, whether or not that student is in poverty. Research shows that all tests scores decline. Okay?

Basically -- I'm just finishing up -- this is your manual, this is your -- yes -- and in there it states a mandate, TDHCA has a important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, therefore providing a better future for all individuals.

It seems that by putting this development here and potentially increasing the number of students in poverty, you're just creating the spiral of poverty. So really it doesn't seem to make sense to continue with this project. I urge the TDHCA not to issue the bonds or the tax credits for this project.

(Pause.)

MS. ROTH: Kevin Williams, Colleen Raye-O'Brien and Leisha Smalley.

MR. WILLIAMS: Hi, I'm Kevin Williams. I live at the back of Woodland Trails West. Proud husband, father, Houstonian, and maybe still a proud Texan, depending on how this turns out.

To the Cynosure developers, some of this may sound like a personal attack, but I mean it in the friendliest way. I went on your site, cynosuregroup.com. Let me say, I've been warned before not to believe everything I see on the net. If you're going to put up propaganda, try not to make it so transparent.

A quote off your site, "Allowing our projects to be run almost flawlessly from the first sketch until after the first tenants move in." Until after the first tenants move in? That's the point where our problems begin, and get worse from there.

MALE VOICE: Speak into the mike.

FEMALE VOICE: Yes, there you go.

MR. WILLIAMS: Better? Another quote, "And full perimeter fencing with controlled access gates." Is that fencing meant to keep them in, or keep us out? You never know, I might want to steal their welfare check.

Our typical resident -- this is another quote -- "Our typical resident is a teacher, nurse, retail employee, or police officer." Teacher? No, too much money. Nurse? No, too much money. Retail employee? You mean like grocery store workers? Maybe. By the way, there's only one grocery store within about six miles. And I'm sure they already live somewhere, they do work there.

Let's assume for a minute that this is good all around, good for low income families, good for this area. Why then is it necessary for the developer to put 100 to 150,000 in the pockets of a lobbyist in Austin? I don't think anybody's been on the Texas Ethics Commission site. They're listed as putting money in the pockets of Norman F. Newton, a lobbyist in Austin.

The education system, you know, is something that bothers me. I've got two kids. Walk out those doors back there, go around that corner. Those big tan things out there are portable classrooms. The same as you'll find about all the schools in this area.

They're meant to help with school overcrowding. Overcrowding? Hello, McFly? What part of overcrowding do you not understand? This school has even blocked off part of the library to make another classroom, before Katrina that is.

I find it totally insane that we still must argue because this state could not come up with a proper funding plan for education, but it can line the pockets of fat cat developers to build low income housing. Housing that, by the way, will be filled with tenants who could not get a proper education. Sounds like a vicious cycle to me.

As I said before, I'm a proud father, two girls. A story to the girls at night -- I read them to bed at night -- there were once two little girls. The State of Texas could not care about providing them a quality education, as evidenced by the failure in Austin to fund education. However, there is good news. When they grow up with a substandard education, the state will help provide you with a crime infested slum to live in. Good night, sleep tight.

(Pause.)

MS. ROTH: Colleen Raye-O'Brien, Leisha Smalley, and Phocion Park?

MS. RAYE-O'BRIEN: Hey, neighbors. You all can probably hear my big mouth without the microphone, but I'm going to go ahead and get it up here.

For those that don't know me, I'm a 15 year resident of Rolling Fork. I'm a professional engineer. I've done development here in Harris County for over 20 years. One of my key jobs is evaluating whether or not a project is appropriate.

Guess what? This one doesn't meet criteria. It's not appropriate for this location. Everybody's heard the reasons, and I kept trying to figure out why in the world is the housing department even considering this.

So I went on their website and I found the 17 key issues, the only issues the board considers relevant. And I went through them one by one and tried to figure out why in the world they're considering this appropriate.

Okay, their first one they look at is the developer/owner's market study. You've already heard that their boundary lines are a little suspect. And bottom line, if you've got 20 percent vacancy in the existing apartment complexes, why do you need more apartment complexes? That just speaks for itself.

Location. The Rolling Creek Apartments, there are key criteria they look at when they're locating a low income apartment. They don't want it next to a landfill. Hello? Right over there. They don't want it by sand mining operations. Well, hello. Right over there.

Okay, they want it by mass transportation. Don't have it. Near banks, you know, pharmacies, grocery stores, all of the key and vital things that you need to support your community. We don't have them nearby us and they don't have a safe way to get to it, other than a -- their own vehicles.

Speaking of vehicles, the roads are already over capacity. But that's farther on on one of things. Compliance history of the developer/owner. Okay, Nicole already spoke to that very clearly. There is -- it's questionable as to whether or not their financial history is acceptable.

Financial feasibility. The only reason this project is feasible is because the state is looking at helping it out. It's obviously not feasible if there's already a 20 percent vacancy rate. These are the highest vacancy rates we've had since the '80s, back when we were going through our little depression here.

Okay, yes, this was before Katrina, but the Katrina victims are temporarily here for the most part. Some of them may stay, but the economic opportunities are going to go back to Louisiana. Not only are they probably going to go back there, because that's where the building's going to be, but so are a lot of other people living in apartment complexes looking for opportunities. So that vacancy rate is probably going to get higher.

Development's proximity to other low income developments. We already have three other low income developments here in our community, and they're not at capacity.

Availability of adequate public facilities and services. Okay, the storm system here locally, it's severely undersized. Our main thoroughfare has been under -- has been proposed to be widened for over 10 years, Fairbanks. Still isn't widened, traffic continues to increase. It's very dangerous with all of our excavation trucks.

Impact to local schools. The reason the curtains closed is that's now the storage area, because they don't have any place else to put it.

Okay, my time is up. That was only items nine. But let me tell you, out of the 17 items, only three of them were they even close to complying with. The Department's mission statement is, and this is their own mission statement, To help Texans achieve an improved quality of life through the development of better communities.

Guys, this doesn't work. It doesn't work for them, it doesn't work for us. The only people who benefit are the developers and possibly people on staff who have a quota to fill. But this is the wrong location, it's not too late to say, oops, we made a mistake, wrong location, let's move it.

Thank you.

(Pause.)

MS. ROTH: Leisha Smalley, Phocion Park, and Drew Steinmeyer.

MS. SMALLEY: Sorry, I'm short. I'm not here to talk about a lifestyle of anyone that might be living in these proposed apartments. What I can say is I'm a Rolling Fork resident for 10 years. And I grew up in a housing project of that similar nature, and I got here, not because of it, but to spite it. And it's not something that we need for our community.

We have portables out behind Reed, we have 30-plus portables at Dean Middle School, which coincidentally has 85 percent, roughly, economical disadvantaged attendance, which, to me, represents affordable housing in the neighborhood.

Also, there is the nearest bus stop is within three miles, or over three miles actually. And with no sidewalks, nothing even remotely close to being feasible to walk down the street.

Not to even mention the flooding. I find it unbelievable that a governmental entity would spend money to tear houses down that are flooded, and within the same decade, build a new project and put funds into that same project. That's unbelievable to me. And I definitely oppose this.

Thank you.

(Pause.)

MS. ROTH: Phocion Park, Drew Steinmeyer, and Knetta Lilly.

MR. PARK: I'm Phocion Park, I live in Woodland Trails West. And you all have already heard from Russell Rush and Kevin Williams from our community, who've spoken to you. I'm just going to make two simple points that have already been made, just kind of underscore them for Mr. Bowers.

Number one, the danger of flooding started in 1998 as a gentleman mentioned with Frances. Then we had it again with Allison, then the tropical storm that was two years after that. These apartments are going be built up 18 inches higher than the -- our present houses in Courtyard Glen, Woodland Trails West and you know good and well that it's going to enhance the flooding.

Number two, existing -- we've got -- these apartments are 60 percent median income area families that they're appealing to. However, we already -- I was talking to Representative Gary Elkins, I understand an

Aide's here from his office -- but he was out here on a rally on September 17.

And he pointed out to me that within one and a half to two miles of here, we have two already units that are for 60 percent median housing folks. One is approximately over in the area of -- the corner of Wind Fern and Philippine, and the other one is about in the area of Beltway and Fall Brook.

So my point is, there's really two reasons for not locating this here. One, all it's going to do is enhance the flooding of the existing neighborhoods we have, and, number two, it's unnecessary, we already have the affordable housing nearby.

So, Mr. Bowers, I appeal to you on behalf of the citizens here to reconsider and relocate your apartments somewhere else where they really do need 60 percent median income housing.

Thank you.

(Pause.)

MS. ROTH: Drew Steinmeyer, Knetta Lilly, and James Woods.

MR. STEINMEYER: I'm Drew Steinmeyer. I live in Rolling Fork, and I'm here to voice my opposition to this project. You guys already stole my thunder, though.

I share everyone's concerns on the topics spoken about tonight. But when I stop and digest all this information, I come to one simple glaring conclusion. This is the right project, it's just in the wrong place.

I just wanted to -- once again, I oppose this project.

(Pause.)

MS. ROTH: Knetta Lilly, James Woods, and Michael Pierson.

MS. LILLY: My name is Knetta Lilly. I'm a three and a half year resident of Courtyard Glen. I must first say that, Mr. Bowers, you look like you've lost a lot of weight and a lot of hair since the last time we saw you. I guess this project has really stressed you out. But, anyway, I hope you're not sick. Really and truly.

But I am opposed to the issuance of bonds and credits for this for the same reasons everybody else has mentioned about the flooding, the traffic. I'm also concerned about the criminal element. I have worked in the social services system and I know what type of environment those -- these things breed.

I'm also concerned with the developer answering the question, if you don't receive the funds for this project from the state, are you able to proceed at all?

Because if you can still proceed without these funds, I don't know why we're even here.

But if you cannot proceed, then this is a good opportunity for us to voice our concerns. But I want to know from you, if you don't receive these tax credits, are you all able to proceed with this project? And that's it.

(Pause.)

MALE VOICE: Do we have an answer to that?

FEMALE VOICE: Do we?

MS. MEYER: When we get through with public comment.

FEMALE VOICE: Huh?

MR. WOODS: When they get through with public comment.

My name is Jim Woods, and I live in Woodwind Lakes. And I support everything that's been said up to this point. The only thing that I wanted to address was there's one entity that has not weighed in on this issue -- and the reason I bring this up is because I have a four year old daughter that will be starting in this school next year -- and the one entity that is now weighing in on this is the school board.

And I believe -- I was shocked that the school board wouldn't weigh in, and I was also shocked that our local politicians told us that this board does not care about the influence on our schools. The only thing they were worried about is the flooding. And that's all -- that's the only thing this board was worried about, was the flooding.

And I just want to address the board and say that it ought to be a requirement that you require the school boards to make a statement as to how this influences their schools, because you worry about the animals and you worry about the trees, but you don't worry about the education of our children.

(Pause.)

MS. ROTH: Michael Pierson, Kathleen, I cannot make out your last name, you live on Tami Renee.

MR. PIERSON: Michael Pierson. I live in Rolling Fork. I've been there about 10 years.

I guess I have a little bit of a -- kind of a reverse spin on this somewhat. You know, most of the people here don't -- or didn't grow up with a silver spoon in their mouth. You know, everybody that -- everybody here at one time or another needed help, and myself included.

And that doesn't mean that it needs to be subsidized continuously. And part of my problem with this, I'm not opposed to low income housing. I'm not real crazy about it being here. But I will -- I do have an exception to when there are income levels -- and let me just say, I know someone personally that's in low income housing. And they will not try to improve themselves because if they do, they'll have to move out and they'll have to -- you know, to me it's a self-defeating prophesy.

It's a self-defeating prophesy to the point where I think that if -- I'm assuming this thing is already a done deal. I hope it's not, but assuming that it is, I would strongly suggest that these candidates that are in this -- on this property have a limited time that they are allowed to live there. A year, six months, whatever, then they have to go.

Because if they have not improved their lifestyle, they need to make room for somebody else that wants that opportunity, and fully well knowing that they have to leave that property, I think, to me, would be an incentive for those people to, you know, step up, man. Step up to the plate.

Also, real quick, I think I have a solution for this problem too. If you go down Fairbanks to Little York and turn left, and you go up to Hollister, those apartments are already built. Those places look like the ghetto. I mean, there's not one brick on those places, they look like low income housing. Personally, that's where this place needs to be.

Thank you.

(Pause.)

MS. NAFFOUL: My name is Kathleen Naffoul. I've live in Rolling Fork for 28 years, and in Houston for 32 years.

My objection to this project is strictly financial. This developer is asking for $14,600,000. Divided by 248 apartments, that is $58,875 per apartment. And I feel like this is a very excessive amount, and that he must be planning on making a big bundle.

My objection is financial. I feel like the state should investigate why he needs so much money to build one little apartment. $58,875 for one apartment. I figure he's going to get really, really rich on this, don't you all?

MS. ROTH: Is there anyone else out there who would like to speak but hasn't filled out a form this evening?

I've got yours.

FEMALE VOICE: Okay.

MS. ROTH: Okay, Debra Garza, Lydia Winkfield, and Helen Huereca.

MS. GARZA: Good evening, I'm Debbie Garza. I live in the Woodland Trails subdivision. And, of course, my opposition is the education. And I speak from the student's point of view. I have two children who attend CyFair.

This school is already at 100 percent capacity. Both of my children are learning disabled. So you're going to bring more children in from an economic background who don't have the services to provide themselves, and they're going to look to the school to provide these, and we've already outgrown this building.

Where are they going to get those services? They can't. They have no way to get anywhere else. They don't have money to provide those children to get a better education. Why are we putting them in a place that's already got it's maximum capacity when there's other schools in other locations that could give them the benefits that they need?

Because from my understanding, having these apartments is to give them a leg up into society to better themselves. If they can't get the services, where are they going to be? Will we need to build another apartment complex next to this one so that their children can stay there?

I just don't understand this. I had to fight for my daughter to get services at Reed because she's dyslexic. And we're already at 100 percent. So when we add more children, where are the services for them?

Thank you.

MS. ROTH: Lydia Winkfield, Helen Huereca, and John Gorsky.

MS. WINKFIELD: Hi, I'm Lydia Winkfield. Can you hear me? Okay.

I live in Courtyard Glen, been there over 14 years. And I'm opposed to this project. I come from a different perspective. I'm 52 years old, from D.C., and I grew up in a public housing project.

But it was different back then. You had to be interviewed, you had to pass background checks. I'm talking like in the early '60s. And, of course, after the riots, they put everybody in because they needed to be there.

We need to put the elephant out here, and that's the reason why I'm here. I don't consider it a minority issue, or a class issue. I consider it a quality of life and value. And I also consider this an insult. As a person who grew up there, that this is pimping the poor, and pimping my tax dollars to give someone who's already wealthier than I am more money.

And I will also tell you, my sister is a property manager in Maryland. Section 8 is much different up north than it is here. Once HUD is involved, it is like fighting a dinosaur. She tells me every day that it is hard to get people out of apartments.

And you have to have -- she's five foot three, 120 pounds, and a firebrand. She keeps a bat in her rental office. You have to have -- are you going to have strong people to enforce drug laws, are you going to have strong people to confront a tenant who's a crack user?

I did EAP for a lot -- I'm a psychotherapist, and I know -- and as a social worker -- the neighborhood will go down. It did where I grew, and it will here.

And as a minority, a multi-racial minority but I consider myself Black, I don't consider -- I haven't heard one issue, and I've gone to a lot of these meetings, that it's a racial issue. And that makes me feel proud to standing up here to condemn this project, because it is pimping poor and getting tax dollars.

And we have -- and I'm on Gatehouse. I heard it's going to be changed, and they're going to come through Gatehouse. And believe me, as a social worker who has worked CPS and gone in the sewer, let me tell you, they bring their friends, they will scheme and they will coast and they will look at your houses.

My development is closer than anyone else. But if you are wealthy, believe me, you will never open up your garage door. I know these people, I know the income level, and they will destroy this area. And it's not racial and it's not class.

They do not -- my sister says, some people don't even know how to use a dishwasher. They put clothes in the dish washer. She has to train people how to live with a dishwasher and air conditioning because they don't have skills in order to do it themselves.

And we have no constables hardly, because they're overworked. And my neighborhood is going to be impacted, so that means more bars on the windows and watching out, because, believe me, they will bring their friends.

(Pause.)

MS. ROTH: Okay, Helen, and the John Gorsky.

MS. HUERECA: Good evening, everyone.

Mr. Bower, I was not going to speak tonight, but after sitting back there and listening to everyone else, and listening to their points, I felt that I had to come up here because I, up until six months ago, was the person that would have lived in your complex.

I'm recently married, but I was divorced with a child. I do have a college education, but, for different reasons, I have a job that, guess what, I would not qualify to live in your complex. I make too much money. Me, with my daughter.

The people that you're trying to put in there -- isn't that what you pamphlet says that's who it's for? It's for working parents, it's for people that you're trying to help, people that you're trying to subsidize for. I don't qualify -- I wouldn't have qualified. I would not have qualified five years ago. I would not have qualified 10 years ago.

You're not helping the people that need the help. You're helping the people that want a handout. And I agree with everyone else who has said -- I'm sorry, this is a little higher than what I am -- I agree with a lot of things that everyone has said.

Number one, I grew up in a place -- I grew up in Brownsville, Texas. Cameron Park over there is the lowest, the poorest community in the entire United States. I don't know if you are familiar with that statistic or not.

But let me tell you what happens in the schools when you bring in children that are from a low advantage, or low income. All of the teachers have to rally around the few children that have to make the scores. And what happens to our children? Our children, your children.

Let me tell you what's going to happen to them. The teacher is going to say, okay, class, this is the assignment for today, they're going to pick the two or three smartest children in the class and say, you lead the class, I have to work with this group.

Because regardless of how many kids are in that classroom, if they do not perform, we do not get money for our kids. And that's who needs it, not you. I'm sure you have a nice house, I'm sure your kids went to nice schools. You know who's going to suffer? Your children. Everyone in here.

And I know, because it happened to me. It happened to me for different reasons. It happened to me because of children that came in that couldn't speak English, and it's going to happen here for that reason, and it's going to happen here.

Because those teachers are going to have to rally around the kids to get them to pass those TAAS tests, because if not, you know what, their jobs are on the line. They're jobs are on the line. And you're -- what you're doing right now, is you're costing more people to lose their jobs if you bring that community in here.

(Pause.)

MS. ROTH: Okay, I just want to -- one more time, no one else wishes to speak? There's no more forms out there?

MALE VOICE: Yes.

MS. ROTH: You do want to speak, sir?

MALE VOICE: Yes.

MS. ROTH: Mr. Gorsky.

MR. GORSKY: Many things were pronounced here, so I will say something completely different point of view. I am opposed because all of these factors which were described. I came to this country as a political refugee from Russia in 1975. And from '79 I was living in this area, first Rolling Fork and then Woodland Lakes since '93.

And so I have expected what was going in Russia, what was going here. Government of Soviet Union was conducting self-destructive policy, and Soviet Union no more, is no more. I see governments in this country conducting the same thing, self-destructive policies. The bank, the worse people they could find, they support them.

In the Black community, according to published results, 80 percent of children born out of wedlock. In the White community, it's 25. And White community is now minority in Texas as you know, it was on the TV.

So I came, I couldn't speak English. I studied English at school, could not. My children could not speak any English. It was no bilingual education, thanks god. So my daughter graduated from Rice University with degree in applied mathematics. Then from Stanford, and then from Yale with masters degrees.

And nobody taught her English. She went to public school. So this is my point, these politicians who support this kind of handouts just for -- to get more votes, they should be voted out --

FEMALE VOICE: Yes.

MR. GORSKY: -- on all the levels.

(Pause.)

MS. ROTH: Okay, Frank?

MR. MARTIN: Yes. I'm sick of these meetings. I'm sick of seeing you, I'm sick of hearing about the fact that you're still here, and we're still having to come here and hear about this. I mean, why do you want to continuously agitate everybody here that doesn't want you here?

MALE VOICE: Amen.

MR. MARTIN: Why do you want to go someplace where nobody wants you, man? Sometimes you've got to eat your losses. I'm sorry if you've got a lot of money into it, but, man, there's other people to mess with. This isn't the place, man. Go. Go. Get out, man, you're bothering me. I'm tired of it. I've got better things to do. My god, you know.

I mean, I've already been -- it's like just when I think it's over, there's another meeting. It's like why would you -- if you walked into a room and every time you walked in there a hundred people spit in your face, would you keep going in there? I mean, cut it out. Leave. It's over. Go.

(Pause.)

MS. ROTH: Eduardo Garcia and then Cristina Martinez.

MR. GARCIA: My name is Eduardo Garcia, and I have lived in this community for about 20 years. Twenty years ago this was an ideal place. Only one lane on this side, asphalt road, lots of trees, no flood. The houses came, the floods came also. Probably, with the apartments, there will be more floods.

I am a teacher, and I teach in a socially, economically disadvantaged district. My biggest class contains of 38 students. My smallest class, 29 students. Eighty percent are below poverty level.

I do not condemn these people they are poor. I come from a very poor family. And because of hard work, I became an engineer, and later on a successful family man.

My son was one of the first, or the first student of this elementary school. That was then, when this school was not overcrowded. Bringing the apartments here will probably overcrowd this school.

Now, I would like to address my plea to the representative of the board. I am asking you, ma'am, if you are working for the common good, for the good of the majority of these people, you know what to decide, and that decision is very clear. Refuse the application of that company.

(Pause.)

MS. ROTH: Okay, Cristina Martinez.

MS. MARTINEZ: I don't think I can beat the guy who talked earlier before me when he said to get out.

I'm a resident of Courtyard Glen, and I'm just going to make this short and sweet. The schools are overcrowded; the housing is way on its way to being overcrowded, if it's not already; the traffic, when you travel on Fairbanks in the morning, you know that it's overcrowded.

When the burden of these problems that are going to come and affect us, our children, the children and their children, when the burden falls, who is going to land on? I don't know. Probably all of us. But I'll tell you what, it's not going to be the builder.

FEMALE VOICE: That's right.

(Pause.)

MS. MEYER: Okay, is there anybody else before I close the public comment?

MALE VOICE: Yes, that I do. Do I just sign --

MS. MEYER: Okay.

MALE VOICE: -- that sheet of paper here?

MS. MEYER: Okay.

MALE VOICE: Do I have to that in order to speak?

MS. MEYER: Uh-huh.

MS. ROTH: Yes.

MS. MEYER: Was there -- I saw a hand back there in back. Is there --

MALE VOICE: It'll be a while --

MS. MEYER: -- anybody else --

MALE VOICE: -- do I have to fill this whole thing out now?

(Pause.)

MS. BRANDON: Mr. Bower, yesterday at the Rolling -- oh, I'm sorry -- my name's Melissa Brandon, and I'm from Courtyard Glen. And yesterday, at the Rolling Fork MUC monthly meeting, two representatives of Cynosure were in attendance to request a commitment from the water board for water and sewage availability at Rolling Creek Apartments.

You previously had a commitment. It expired on August 8. You were told -- you told the board to submit your request -- you were told by the board to submit your request in writing, and an answer will be ready at the next board meeting in October.

You don't have water and sewer commitment. That seems like a pretty important thing when you're trying to build an apartment complex.

The TDHCA rules -- one of the things they consider is compliance history of the developer. You have no history because you have not previously built one of these properties.

But in everything that we have seen, Mr. Bower, you can't get your sign up on time. That seems like a pretty simple thing to me. Can you all build a sign and put it up on the date you're supposed to?

MALE VOICE: You bet.

MS. BRANDON: That's a pretty simple thing to not be able to comply with. And your commitment for water and sewage was out August 8. That's seems like a pretty important thing. If you cannot comply with the application processes, and the things necessary to build this property, how can we even remotely imagine that you're comply once it's built for another 15 or 30 years?

That's all I have.

(Pause.)

MS. MEYER: Mr. Fensen.

MR. FENSEN: Good evening, everybody. You'll have to excuse the accent, I'm from Denmark. I've been here in Texas almost 14 years. And I think -- is it Mr. Bower -- I think an apology's in order here. It looks as if the whole meeting has become a personal attack on you.

Oh, it seems that the entire meeting has become a personal attack on you. I think the people have lost the focus. This gentleman is only doing what everybody else here in this room would be doing. He's trying to make a lot of money.

I think your focus should rather be on the people who allows him to do it. If I could do what he's doing, I'd be doing it every day.

MALE VOICE: Yeah.

MR. FENSEN: Your focus needs to be on the decision makers who allows a gentleman like Mr. Bower to do what he does. You cannot fault him, you have to fault the people behind him.

I have had two kids here, I still have one here in the school. It has done a great job despite the odds. I'd hate to see this get worse. People are already moving out because of the grades over here. You just can't have any more kids here.

You cannot fault Mr. Bower, you have to fault whatever, whoever people who supports whatever he is trying to do. Thank you.

MS. MEYER: Okay, is there anybody else?

(No response.)

MS. MEYER: Okay, I'm going to adjourn the hearing -- we'll do questions, but I'm going to adjourn the hearing, and it is now ten after 8:00.

(Whereupon, at 8:10 p.m., the hearing was concluded.)

MS. MEYER: Now one of the things that was brought up during the hearing, during the public comment, was that this is a done deal. It's not a done deal. It hasn't gone to the TDHCA board yet, and it's not a done deal until it does.

All your comments will be compiled and given to the board. I would like to ask if Ms. Ray or Mr. So are still here. The information that you had, if you would like me to present that to the board so they would have it, I'll be glad to do that. That was the only person I saw with actual information.

Do what now?

MALE VOICE: Do you put all that material, are you supposed to present it on the website?

MS. MEYER: It will -- actually what goes to the board will be on the website seven days prior to the board meeting.

MALE VOICE: We'd like to know -- I'd like to look at that material.

MS. MEYER: Well, you'll have the -- I mean, the whole board package will be on the board -- on our website seven days prior to the board meeting.

FEMALE VOICE: That's the public comment cut off period. Your protests, that's beyond that point, right? Where you have -- we have a chance. I mean, we have a chance for what these people are doing before our deadline.

MS. MEYER: What? I mean, as far as what the developer is doing, is that what you're saying? Or --

FEMALE VOICE: No, what these people have said.

MS. MEYER: I mean, if they want to give you that information, that's -- I mean, I can get it to you. We're not going to post it to the website until seven days prior to.

Now you can address the board about it if you want to, but I mean, they're speaking on your behalf. I'm just wanting to make sure that the board gets all the information and they had several graphs and drawings and I want to make sure, if they want that presented to the board, that I give that to them, okay.

I just wanted to make sure everyone does understand, it's not a done deal until the board actually votes.

Now we'll take a few questions. Okay.

MALE VOICE: Tell us who's on the board. How many members and what do they [inaudible].

FEMALE VOICE: Yes, who are they?

MS. MEYER: Okay --

MALE VOICE: Who is the board?

MS. MEYER: -- the question is, who are the board members. We have six board members. Our board chair is Beth Anderson, she is a computer consultant, she lives in the Dallas area. We have them all over the state.

Mr. Kent Conine is our vice chair. He also lives in the Dallas area, actually just north of Dallas. And he is a developer. He develops out of state.

MALE VOICE: Does he develop this kind of property?

MS. MEYER: In other states. He's not allowed as long as he's on our board.

Mr. Bogeny is -- actually he's a real estate person here in the Houston area. Shaddrick Bogeny. Mr. Patrick Gordon is an attorney in El Paso. Mayor Salinas is in Mission, Texas, from Mission, Texas down on the boarder. And then Vidal Gonzales is a financial man right outside of San Antonio.

So there's six members. It is a volunteer board. They're appointed by the Governor.

MALE VOICE: Who's your boss?

MS. MEYER: Who do I --

MALE VOICE: Who's your boss?

MS. MEYER: Who do I directly report to?

MALE VOICE: Yes.

MS. MEYER: Is Brooke Boston, the director of multifamily finance.

MALE VOICE: And who's her boss?

MS. MEYER: That would be Ms. Edwina Carrington, which is the executive director.

MALE VOICE: When does it get to the Governor's office is what I want to know.

FEMALE VOICE: Exactly.

MS. MEYER: TDHCA is an exempt issuer. The TDHCA board will make the decision, and we will get a written approval --

MALE VOICE: So you don't report to no one in the State of Texas? You just come in here and run over us and do whatever the hell you want to.

MS. MEYER: No, sir. If that was the case, I wouldn't be here.

MALE VOICE: Okay, but what I'm trying to say is, everybody keeps saying, well, it's a done deal. It's not a done deal. What the hell. You've been told, no, by over 400 people two times in a row. How are you going to vote?

MS. MEYER: Sir, I don't vote. I'm not on the board.

MALE VOICE: You're not on the board.

MS. MEYER: I am the one that will be presenting it to the board.

MALE VOICE: And would you present it as favorable or not favorable?

MS. MEYER: That's undetermined at this point, because the whole --

MALE VOICE: You haven't seen what went on here?

MS. MEYER: Sir, that's one piece of what the board looks at. So, no, I cannot answer that. I can't answer that question because not everything has been done.

Okay, yes, sir?

MALE VOICE: I'd like to understand how you comprehend the things that have been said, how that plays into your decision making. How will you [inaudible] talk about flooding and things like that. How do you take that in your consideration when people are saying, we already have flooding here [inaudible] just going to compound the problem. You know, do you just take that as what people are saying, or do you go in and really research that more, make sure that you have the facts?

MS. MEYER: Well, there's a lot of third party reports that are issued that we look at. There is a financial review done on Mr. Bower and Mr. Cereni. That's in our underwriting report, which will be on the website seven days prior to the board meeting.

The Department's staff recommendation to the board is basically is the deal financially feasible. Okay? It is up to the board to take in public comment, and they make the decision on whether the deal moves forward. It's not staff's determination of, you know, what was said and all that. If they ask me questions at the board meeting, I'll answer those questions.

All the public information that's given, you know, will be scrutinized by the board. And they get it a week in advance so that they have the time to do that.

Yes, ma'am?

FEMALE VOICE: Do you report that they have not paid taxes?

MS. MEYER: That would be in the financial review that's done on both of the general partners, yes, ma'am. And that would take into account -- that would be in the feasibility and whether it was recommended to the board or not.

Yes, sir?

MALE VOICE: What is the functional purpose of the November 10 meeting in Austin?

MS. MEYER: The November 10 meeting is --

MALE VOICE: [inaudible]

MS. MEYER: It's a public meeting, the meeting on November 10. The question was, what is the purpose of that meeting. In that meeting, it's going to be a long agenda, so you'll have to be patient if you show up.

It is a public meeting, they will accept public comment. If you would like to address the board directly, you can do that, just like you did at this hearing here. But you can actually make your public comment directly to the board if you want to do that.

They will make a determination on that transaction, and whether it moves forward or not.

MALE VOICE: Will a decision be made that day based on the evidence --

MS. MEYER: Yes, sir.

MALE VOICE: -- that had previously been presented, plus anything that's been presented that day?

MS. MEYER: Unless the board requests that staff do something additional where --

MALE VOICE: [inaudible]

MS. MEYER: Yes, it could be tabled to the next board meeting if they so --

MALE VOICE: Seven days before that the website will display all the information we talked about?

MS. MEYER: That's correct.

MALE VOICE: All right.

MS. MEYER: Yes, the Thursday prior to the 10th. Do you know what that date is? I don't what the date is.

MALE VOICE: [inaudible]

MS. MEYER: Yes, it --

MALE VOICE: [inaudible] we will be able to see everything he needs to know, to speak, do whatever [inaudible].

MS. MEYER: That will be presented to the board by staff. Now anything that the public shows up with, or anybody else, that's not going to be in there because we don't have it. It'll only have the information that staff is privy to.

FEMALE VOICE: Will they get that tape that you just taped of all of our comments today? Will they listen to --

MS. MEYER: Yes, ma'am. That's what my court reporter has been doing. She is doing a transcription and there will be a written copy of this and it will be actually on the website. You'll be able to read all your comments.

Yes, sir?

MALE VOICE: What are the odds of this passing?

MS. MEYER: I can't answer that. That's --

MALE VOICE: Out of -- one out ten, out of ten similar situations, how many passed versus don't?

MS. MEYER: It's a 50/50 shot.

MALE VOICE: Just guessing.

MS. MEYER: It's a 50/50 shot. I mean it can go either way. I've seen the board approve them and I've seen the board decline them. They don't give a written statement as to why they decline something. You've got six members voting. So I can't -- I really can't answer that question as to why something was declined.

Yes, ma'am?

FEMALE VOICE: Are there any specific steps that we need to do as the public to get on the agenda at that meeting?

MS. MEYER: If you want to speak at the meeting, you'll do the exact same thing that you did here. You'll fill out a witness affirmation form and you'll turn it in to the board secretary, Susan Woods, and --

FEMALE VOICE: Do we have to do it prior to --

MS. MEYER: No. No, you can do that at the board meeting.

FEMALE VOICE: Okay.

MS. MEYER: Yes, sir?

MALE VOICE: Ma'am, you mentioned that there's a developer on the board?

MS. MEYER: Yes, sir, there -- we do have a --

MALE VOICE: And has he applied for similar type programs with the State of Texas?

MS. MEYER: Yes, Mr. Kent Conine, our --

MALE VOICE: Therefore he can disqualify himself from vote?

MS. MEYER: No, he does not do that --

MALE VOICE: So that we can then, in turn --

MS. MEYER: If you would let me answer your question for a second, sir.

MALE VOICE: Go ahead.

MS. MEYER: He does -- he is a developer, and he has applied under the same programs, in other states. He is not allowed to do that in the State of Texas while he is on our board. He can do it in other states.

MALE VOICE: Well, he has --

MALE VOICE: They're the same type of grants but through other states, right?

MS. MEYER: He can apply for tax credits in other states.

MALE VOICE: So therefore, it would be a conflict of interest, nationally.

MS. MEYER: No, actually he's a very good reference. And if there's anything on feasibility, that there's any question for on a development, he will chew it up. That is the one person on the board that will take all the numbers to heart.

MALE VOICE: I've worked on boards where the Governor [inaudible] that's my motion.

MS. MEYER: Well --

MALE VOICE: Can we, in some way, challenge that through the Governor's office?

MS. MEYER: You can challenge whatever you want to with the Governor's office. He's there for his expertise.

MALE VOICE: [inaudible]

MS. MEYER: Sure.

MALE VOICE: It just seems pretty [inaudible] over each other.

MS. MEYER: Yes, sir.

FEMALE VOICE: Are you telling us the main criteria is the financial feasibility and the flooding doesn't matter, the --

MS. MEYER: No, no, no, no.

FEMALE VOICE: -- transportation doesn't matter --

MS. MEYER: As far as the staff recommendation, the board has all those items and plus whatever discretionary items they so choose. But the staff recommendation is based on the feasibility of the development. Because we are completely objective as a staff, okay. We give all the information to the board, the board makes the decision. Staff does not make the decisions for the board.

The recommendation to the board is based on the feasibility of the development, as far as the numbers are concerned, did they pass all the reviews that they were supposed to go through, through compliance, through the financial audit, everything. That's what staff is telling the board. Yes, they did what they were supposed to do, and it's up to the board at that point to make the further decision of whether that particular transaction moves forward or not.

Yes, ma'am?

FEMALE VOICE: I'm very concerned about the fact that most of the board members are not Houstonians. They don't care about us. They don't know what we're going to go through, they're just seeing numbers, and, you know, papers and whatever. And I don't really think they're going to really be very much concerned about how it's going to be changing our future.

So I have a question for you. We all signed the paper with the opposition or support of this project. Are they going to see it? Are they really going to validate it?

MS. MEYER: They will have the account of how many were at the hearing --

FEMALE VOICE: I mean, I just want to make sure that I'm not wasting my time here.

MS. MEYER: No, you're not wasting -- well, I would hope you're not wasting your time.

FEMALE VOICE: [inaudible].

MS. MEYER: Okay. Yes, sir?

MALE VOICE: On the tax free bonds, does the State of Texas guarantee those, or what happens in the event of default?

MS. MEYER: That's the lender's responsibility. The state is not -- again, like I stated at the very beginning of the meeting, the state is not loaning the dollars.

MALE VOICE: They don't guarantee those bonds to the investors?

MS. MEYER: No, sir. The State of Texas, it is not -- we have no liability or obligation.

MALE VOICE: [inaudible] State of Texas.

MS. MEYER: That's correct. There is no liability or obligation to the State of Texas.

MALE VOICE: The last I knew there was some uncertainty about valuations as county property tax. [inaudible] can answer it. Do you know how the project [inaudible] appraised by the county property tax [inaudible], just based taxes like any other property would.

MALE VOICE: It would be appraised at full value.

MALE VOICE: Appraised at full value -- [inaudible].

MALE VOICE: [inaudible]

MS. MEYER: No, he's not seeking a tax abatement, if that's what you're asking. For the property taxes?

MALE VOICE: A lot similar of these types of developments do get very, very low --

MS. MEYER: That's correct. And he has not -- is not seeking a tax abatement for this particular -- this is not a non-profit organization.

FEMALE VOICE: Well, I just have one question.

MS. MEYER: Yes, ma'am.

FEMALE VOICE: [inaudible] what's the score for the application?

MS. MEYER: It's actually in the board package when we did the inducement. I'll have to look back at it.

FEMALE VOICE: [inaudible]

MS. MEYER: Sure. I'll be glad -- it's actually -- it's still on the website. It was on -- when did we induce, July 27 -- do you remember, was it July --

MALE VOICE: July.

MS. MEYER: It's either the July 14 or 27 board package. If you'll for the --

FEMALE VOICE: [inaudible]

MS. MEYER: Well, that's when they actually induced this application. The other one was back in February or -- January or February. It's in the January -- you can e-mail me and I'll be glad to answer that question for you.

Yes, sir.

FEMALE VOICE: [inaudible]

MS. MEYER: You want the dates of when Mr. Bower met with the community?

FEMALE VOICE: Which --

MALE VOICE: Repeat the question.

MS. MEYER: Okay, the question is, what neighborhood organizations did Mr. Bower meet with, and on what dates. Am I right? You want --

MR. BOWER: I don't remember specifically today, but --

MS. MEYER: Mr. Bower.

MR. BOWER: I don't specifically remember the dates, but we met with the Rolling Fork group in that castle-like looking building. We met with -- and I have a recording of the whole thing, and we have it all typed out to give to the board.

We met with the Courtyard Glen in the tennis courts one night, and we met with another group, the next neighborhood down, they came and met us in this same Rolling Fork building.

FEMALE VOICE: [inaudible]

MR. BOWER: That was in the spring, yes. So I did not do another meeting -- I have not done another meeting --

FEMALE VOICE: [inaudible] and the rich person hearing this [inaudible].

MR. BOWER: But -- I don't remember what --

FEMALE VOICE: These risks were not what was [inaudible].

MR. BOWER: I would have to look at my notes from back then. I don't know. We changed -- the numbers change every year, just like these apartments won't be built for a year, the rents will be different next year probably.

FEMALE VOICE: [inaudible] and are you preparing this 20 percent vacancy [inaudible].

MR. BOWER: The Houston market is not 20 percent vacant. I mean, the Houston market has actually come back very strong. But you have to read the market studies. I mean, so, no, we're not projecting a 20 percent occupancy rate.

MS. MEYER: I'll come back to you. Just let me get some of the other ones.

Yes, sir, in the back, in the blue shirt.

MALE VOICE: Yes, the property here [inaudible] study has identified asbestos over there. Who's going to do the clean up?

MR. BOWER: We have to contract someone to do it. I mean, it has to be cleaned up obviously, so it'll be cleaned up. The general contractor will be responsible for contracting.

MALE VOICE: You haven't made plans, you don't know.

MR. BOWER: No, we haven't planned it. The general contractor is Northwest Construction. They have all the subcontractors that they hire to do the job for us. They know what has to be done.

MALE VOICE: You all don't have [inaudible].

MR. BOWER: I don't hire subcontractors, no, sir. I hire the general contractor.

MALE VOICE: Okay.

MS. MEYER: Yes, sir?

MALE VOICE: These bonds that are being issued. I understand that the money's not coming directly from the state, but these are tax free bonds, right?

MS. MEYER: They're tax exempt bonds, and these are federal programs. These are not state programs. These are federal program, both programs.

MALE VOICE: So in a sense there is money being loaned in tax revenue, so the Government as a whole is going to take some kind of hit with this.

MS. MEYER: That's correct.

MALE VOICE: Secondly, do you have contact information for the board members?

MS. MEYER: It is --

MALE VOICE: Regular mail or e-mail or anything?

MS. MEYER: Right, it's on our website. If you will go the main page, and at the top it says About TDHCA. If you'll click on that, it'll take you to the next page and over to the left hand side it says, Governing board. And actually, you can put it in search and it'll give it to you.

Yes, ma'am.

FEMALE VOICE: I have a question for [inaudible].

MS. MEYER: Okay.

FEMALE VOICE: What I'd like to know, in the two [inaudible] articles that [inaudible] September 25, I understand the allocation of the money being 14.6 million in tax exempt bonds and [inaudible] tax credits. I understand those are [inaudible]. From my reading of the article, you allude or make reference to [inaudible] benefit 20 million for profit. Are you planning to put an additional 20 million into profit?

MR. BOWER: No, it's --

MS. MEYER: Can you repeat the question?

MR. BOWER: So her question was, in the article, basically there's $14.6 million of bonds, so that's our debt side of the equation. And then we sell tax credits to another entity that puts in roughly $6 million for the equity side of the equation. That's how it gets financed. So it's a $20 million deal, that's --

FEMALE VOICE: Okay. So if you're putting in 20 million [inaudible] it's not you putting it out of your --

MR. BOWER: No, we're borrowing money, we're guaranteeing, we're signing guarantees, we're borrowing so it's no different than anyone else going to the bank. No, it's not out of my pocket.

FEMALE VOICE: Okay. So it's just the two figures --

MR. BOWER: Just those two figures is what -- where the funds come from, yes, ma'am.

MS. MEYER: Yes, ma'am?

FEMALE VOICE: Okay, there are three endangered species that are on that site [inaudible]. And on your market study, Mr. Bower, it says that [inaudible].

MS. MEYER: On the ESA.

FEMALE VOICE: Tell us what that has -- what has been done about that?

MR. BOWER: We got -- it has to do with --

MS. MEYER: Repeat the question.

MR. BOWER: Repeat the question again. Tell me -- it has to do with there's some endangered species, potential endangered species issues, and the bottom line, I don't -- because I'm -- Dan, my other partner, who many of you've seen, does that side of it, but the bottom line, we got a letter that we're cleared on that, that there's not issue with that.

FEMALE VOICE: That what?

MR. BOWER: We do an environmental study, and we got a letter that that's all cleared. So we've got something from the government saying that that's not an issue.

FEMALE VOICE: So they're not endangered species?

MR. BOWER: It's not an issue for us doing that, no.

FEMALE VOICE: So why put out [inaudible].

MR. BOWER: Well, they look at that. They look at everything to see is it possible and what's the issue. You have to read it.

FEMALE VOICE: Who cleared it? Who cleared -- you said you got a letter saying it was clear, who cleared it?

MR. BOWER: I'm not -- you would ask -- if you want to know about -- the people that supervise that are the engineers, or I'd have to think who we hired.

MS. MEYER: Will you send it to me?

MR. BOWER: Huh?

MS. MEYER: Will you send it to me?

MR. BOWER: Send what?

MS. MEYER: The letter --

FEMALE VOICE: Then why are you [inaudible] the application then if it's been cleared?

MR. BOWER: It's not an issue.

FEMALE VOICE: [inaudible]

MR. BOWER: Because it's not -- and it's not been raised as an issue for us that there's an issue there. If anyone wants -- if the state asks us for information about that, we're happy to provide any information. So we've not been asked to provide --

FEMALE VOICE: Well, in your market study, doesn't it have to be included --

MS. MEYER: Okay --

FEMALE VOICE: -- on your application?

MS. MEYER: Hold on just a second. We haven't gone through the full review process, okay. This is -- we're not quite there yet. That will actually be addressed in the underwriting report. If there is a letter required, which I know exactly what you -- I read both of them over the last couple of weeks.

So I've already known -- I already know about that and I've already talked to our director of real estate analysis. So he is aware of it. The letter will be requested, and so he will actually have that. It will be addressed in the underwriting report though.

Once I have it in my hot little hand, if you want it, you're welcome -- it'll be public record and you're welcome to have a copy of it.

Yes, ma'am?

FEMALE VOICE: Mr. Bower, the 20 million that we're putting in, that we're actually borrowing, that we're signing a guarantee on, we've heard there was some tax issues, some debt issues and Mr. Cereni's bankruptcy issues.

What happens when you renege on that debt, the $20 million, what happens to --

MR. BOWER: Well, let's back up real quickly on those things. There are no tax liens, there's old tax liens from being owed in 1996 and some -- in fact, in the old stuff, I paid it, paid the penalties, paid all the interest, that's paid. So the U.S. Government is owed nothing.

The other piece of paper you all quoted from is recent divorce stuff. So somebody -- obviously I just learned that they follow your divorce papers somewhere. But there -- I don't owe the IRS any money, you know, so there are no tax liens, there are no judgments that Cynosure Properties, our company owes.

That form was a paper we fill out when you split community assets and you list all the stuff. Somebody got a piece of a paper that showed stuff there that's all handled. So we don't owe the government money, Dan doesn't -- Dan went bankrupt in 1991. Dan's not -- this is 2005, so it's -- he's not bankrupt, so --

FEMALE VOICE: Okay, but he filed bankruptcy twice, I believe.

MR. BOWER: I don't believe so. I think you're misunderstanding something. As far as I understand, it's only '91.

FEMALE VOICE: I understand, but what does happen to this property if or when this --

MR. BOWER: Yes, I understand, so who's involved in it? There's somebody -- even though the state approved $14.6 million, then we had to go to the public -- private market and get somebody to go borrow that money on behalf of somebody. So it's just like a bank, they want to protect their interest.

Then we have to sell the tax credits to somebody. And so here's a person that is a -- that put the other $6 million in. They have a major interest. So if for some reason we don't do our job, they're not going to lose theirs $6 million if the place were to fold, you know, that they put in for the investment.

If the place were to fold and be a bad property, they would take it over. They have provisions in our partnership agreement that if we don't do a good job managing it, they can take us out and they can take over and hire another general partner.

So people don't put out that kind of money --

FEMALE VOICE: [inaudible].

MR. BOWER: Do what?

FEMALE VOICE: Would that still have to comply with TDHCA regulations?

MR. BOWER: You bet. Everybody is.

FEMALE VOICE: If that should happen?

MS. MEYER: What -- would what have to --

FEMALE VOICE: Would the property still have to comply to the TDHCA --

MS. MEYER: Oh, yes, ma'am. Yes. There'll be a regulatory agreement/land use restriction agreement attached to the property. So, yes, ma'am.

MALE VOICE: I have a question.

FEMALE VOICE: I have a question that I want answered. I want to know, if you don't get these bonds, can you proceed with your project?

MR. BOWER: We are not a normal commercial developer. We're -- this is what we do. So we do tax credit projects. This is the only way we're doing it. Whether we could or not is not an issue. This is the way we choose -- this is our business model. It's like, what do you do for a living, this is what we do for a living.

FEMALE VOICE: [inaudible]

MR. BOWER: We're not going to build -- we're not building -- this is the type of business we're building. So this is what we're doing. We're not building regular market rate apartments, we're not in that business.

MS. MEYER: Yes, sir.

MALE VOICE: This handout, I kind of go this late. If I'm correct -- it is correct that the board meets November 10?

MS. MEYER: It meets November -- yes. I corrected that earlier in the meeting.

MALE VOICE: And the public comment deadline is

5:00 p.m. on --

MS. MEYER: October 28.

MALE VOICE: -- October 28.

MS. MEYER: And, again, I am going to post this to the website. And I will keep you updated. I'm not here to surprise you in any way. That's not my intention. We did have an error in the write up, and I apologize for that. But we will keep you informed. I've got several e-mails from your community. If anything changes whatsoever, we will renotify your community, okay.

FEMALE VOICE: [inaudible]

MS. MEYER: Hang on, I'm trying to get everybody that hasn't asked a question yet.

Yes, ma'am?

FEMALE VOICE: Other than financial gain for other people, how does this benefit our community? What is [inaudible]? I would think compassionate human beings would do things nice for other people [inaudible].

MS. MEYER: Well --

FEMALE VOICE: [inaudible]

MALE VOICE: [inaudible]

MS. MEYER: -- affordable housing, it's a package deal. It's not just putting a roof over somebody's head and give them, you know, a lower rent to live in. It's a package deal. There's social services that go with that. One of the things that Mr. Bower brought up earlier is that he's having tutoring.

You don't get that on market rate properties. That's one of the better social programs that we have on most of our properties, is they do have tutorials, they do have summer camps to keep them out of your -- running free in your neighborhood, you know, during the summer months.

They have a lot of get togethers and things for kids. Some of our developments have immunizations when they start off the school years. Now, I don't know if that's part of his program. I'm just trying to give you -- it's a total package deal. It's not just a roof over somebody's head. There's a whole thing that goes along with that to help improve their lives.

We also have education classes. Most of our developments have those, adult education classes, computer classes, GED classes for those that haven't, you know, graduated from high school. So it's not just one little item -- it's not just affordable housing, it's not just apartments that they're doing.

There's services that go along with that, and they're required to do those services. I mean, that's part of the program.

Yes, ma'am?

FEMALE VOICE: I just two questions. My first one is, if this does pass [inaudible].

MS. MEYER: It's -- for the community?

FEMALE VOICE: If this does pass, could we appeal this?

MS. MEYER: If -- once TDHCA has voted, that --

FEMALE VOICE: So there's no appeal process?

MS. MEYER: That's it.

FEMALE VOICE: Okay. My second question to you is, obviously I see you have come to [inaudible]. In your opinion, are we going about this correctly, and if we're not, what are some more things that we can do in our favor?

MS. MEYER: You are doing it, just -- I mean, just by participating in the public meeting. Everybody that made their comments. Again, the board will get a complete transcript. I'm not going to cut anything out of that transcript. All the comments that were made here tonight -- they even get what I'm sitting here telling you. So, you know, they can correct me later on if I said something wrong or stupid, and they have on occasion.

But that's -- you know, you're doing -- you're being your public input. If you want to take one more step further, you can show up at the board meeting and address them publicly, if that's what you want. If you want to direct -- you know, make your comments directly to the board, you are welcome to do that.

Yes, ma'am?

FEMALE VOICE: Ms. Meyer, one thing that wasn't brought up tonight, what is the name of the management company?

MR. BOWER: [inaudible]

FEMALE VOICE: [inaudible] can we have if they fall through with their job?

MS. MEYER: Well, it was mentioned earlier, it's Capstone.

FEMALE VOICE: I didn't -- I'm sorry, I didn't hear that.

MS. MEYER: That's okay. It's Capstone Management. And actually they are a large management company. They will actually -- I mean, you can call and talk to them. They've been very helpful in the past. I know --

MR. BOWER: And their website --

MS. MEYER: Yes, they have a -- and I can send you that information if you'd like. Actually, I think we have some information in the application that has a brochure from Capstone Management and what they do.

And you're -- I mean, you can contact them and talk to them yourself. They actually manage other properties here in Houston.

Yes, ma'am.

FEMALE VOICE: I don't understand the [inaudible]. How does the [inaudible]. Where do I get the [inaudible] value, do I get [inaudible]. How is it going to affect me [inaudible]?

MS. MEYER: Again -- I'm going to say it again, it's a package deal. And what the Department's mission statement, as somebody read earlier, is to better the lives of the individuals and families of lower incomes. And that's what we try to do, and that's what we're trying to do for the families that are in your area, that are here, that live among you that just need a cheaper place to live.

FEMALE VOICE: If they're here, they already have a house or an apartment, they already someplace to live.

MS. MEYER: And they may be struggling paying that rent, or that mortgage.

FEMALE VOICE: [inaudible]

MS. MEYER: Well, there are a lot of options.

I mean, there's a lot of things that other people can do. But I mean, this is one area that we have that, you know, they can also have social services to go along with it.

Now, where did he go?

MALE VOICE: I have a question.

MS. MEYER: Yes, sir.

MALE VOICE: [inaudible]

MS. MEYER: Hang on a second, sir, you -- yes, sir.

MALE VOICE: I want to get back to the comment I made earlier. Can you explain why the process for this project [inaudible] study of the impact of this?

MS. MEYER: Well, the school district, the superintendent, and the board of directors has a voice to weigh in.

MALE VOICE: But they choose not to?

MS. MEYER: I'm not saying whether they choose not to or whatever. If it's going to affect a school district, then it is the school district's responsibility to do that. I mean, they've got to inform us that it is going to impact their schools. They have that chance to do that. And I don't know whether we've received a letter or not, so I can't --

MALE VOICE: Why don't you make it a formal part of the process? If you're worried about the animals and the trees, why aren't you worried about the education of the children?

MS. MEYER: We send them notification for a reason, sir. We are asking --

MALE VOICE: [inaudible] process.

MS. MEYER: Do what?

MALE VOICE: I'm asking about your process. Why aren't you [inaudible] why don't you require an impact from the school [inaudible].

MS. MEYER: As far as a development requirement? Is that what you're saying?

MALE VOICE: How does that project impact the local schools.

MS. MEYER: That's a consideration.

MALE VOICE: You're worried about the animals, you're not worried about our children.

MS. MEYER: I don't agree with that one bit. And our board looks at that. I mean, they're going to take your comments. They've heard every one of them.

That was one of the reasons why I was asking for the gentleman, whoever had the statistics on the school district, that is -- the reason why I asked for them when I first started this question and answer, you know, if I can have that information because I would like the board to have it.

If, you know, if nobody wants to supply it, then the board doesn't get it. So -- yes, sir.

FEMALE VOICE: [inaudible] it's going to all come in a packet --

MS. MEYER: Okay.

FEMALE VOICE: -- all that, you'll get it.

MS. MEYER: Very good. Thank you.

Yes, sir.

MALE VOICE: Back when we did this in February [inaudible], after that was over with, I, kind of like a lot of other people here, went back to my life and that was it. Is this a continuation of that, or was that defeated and this is whole new application?

MS. MEYER: No. Well, it's a whole new application because they withdrew, and it was brought up a while ago that the sign wasn't posted on the property in the correct amount of time. So they --

MALE VOICE: They withdrew it themselves?

MS. MEYER: They withdrew their application and have resubmitted.

MALE VOICE: So the board didn't put it down then, it was --

MS. MEYER: No, sir. If the board had already decisioned [sic], then we wouldn't be standing here -- or at least I wouldn't be.

Yes, sir?

MALE VOICE: Somebody asked about the [inaudible], but a comment Mr. Bower made, I think might need clarification [inaudible].

MR. BOWER: I don't -- I can't hear you. I'm sorry. What's your question?

MALE VOICE: Since July 14, 2005, you have paid off the 2003 tax you owed the IRS of 23,000 --

MR. BOWER: Again, you're reading divorce papers that lists personal stuff in it that -- that is not owed to the IRS. So I would tell you again, in a very blanket, clear answer. We do not owe money to the IRS.

FEMALE VOICE: That wasn't the question.

MR. BOWER: So any taxes I've owed have been paid.

FEMALE VOICE: [inaudible]

MALE VOICE: Since July 14, have you paid your taxes [inaudible].

MR. BOWER: I do not owe any taxes to the IRS. Okay? That's pretty plan.

FEMALE VOICE: You just said --

MALE VOICE: [inaudible]

FEMALE VOICE: You just said that this is not a continuation of the first application.

MS. MEYER: Yes, ma'am.

FEMALE VOICE: That this is a new one. So far, his statement that he met with homeowners association is incorrect because that was in February at Courtyard Glen. It was January, February, some time in Courtyard Glen concerning the first application, not this application.

MS. MEYER: Well, I think he was -- I don't --

FEMALE VOICE: [inaudible]

MS. MEYER: -- I don't remember the conversation.

FEMALE VOICE: I believe that's true. All those meetings took place in the winter for the first application. He has not met with homeowners associations for this application.

MS. MEYER: For this particular application? Okay. I'll back up here to the microphone so that the board will be able to hear me.

Your statement is that he met with the homeowners associations on the 2004 application, but he has not met with them for the 2005 application. Do I have that correct?

FEMALE VOICE: He didn't meet with Courtyard Glen.

MS. MEYER: Okay. I just want to make sure it's on the record as what you stated.

MALE VOICE: One more question, I think I mis-spoke about my public statement there. I said [inaudible] Fairbanks-North Houston.

And also one of the things that I mentioned was about why they didn't place these individuals in individual complexes instead of concentration. But I didn't write that down on a sheet of paper. Would that be --

MS. MEYER: Everything that you said in your public comment will be transcribed. It will be written out and the board will have it, they will be able to read it.

MALE VOICE: With the mis-statement about -- I said Gessner I believe. I meant Fairbank-North Houston.

MS. MEYER: That's not -- they'll catch that. My board's pretty quick.

Yes, sir.

MALE VOICE: I just want to touch on something that the lady that was sitting here, and that lady over there touched on. What does this do for our community?

You know, that was a question they asked. And referring to your plan, you know, the annual report, it says that -- in there that the TDHCA is supposed to be promoting community driven projects.

Now my understanding is the board members, none of them live around here. I'm not sure that Mr. Bower is part of our community. Then how does that all fit?

MS. MEYER: Well, Mr. Shaddrick Bogeny, who is a member of our board, does live in the Houston area. Actually, he has been over here personally and driven the area. He is in real estate himself, in the Houston area. He knows the Houston area very well. So, I mean --

MALE VOICE: So as a board member, he's not allowed to promote such projects, so --

MS. MEYER: He's not promoting anything, but he can address the other board members as to what's in the neighborhood, the same way I will. If they ask me questions of, you know, what's across the street, I can tell them, the school is, because we drive the neighborhood whenever we do a site inspection. And I have to do a site inspection on every development that we do.

MALE VOICE: But the words I'm getting at is community driven. So how is this project community driven?

MS. MEYER: Well, I don't know how many times I can answer -- I mean, all I can do is tell you what our mission is and what we try to do.

MALE VOICE: Well, it's in your mission.

MS. MEYER: Well, and that's what we're trying to do is better -- I mean, you're kind of out of this picture in a way, because you're not a lower income family.

MALE VOICE: I'm not a developer.

MS. MEYER: No, because you're not a lower income family, so you wouldn't have the benefits that the particular development itself would benefit you.

MALE VOICE: But as --

MS. MEYER: But it would lower income families that do live in this community.

MALE VOICE: But as [inaudible].

FEMALE VOICE: Some of them are [inaudible].

MALE VOICE: If they are living in our community, they are already living in our community. And in reality, I think my mortgage is less than what he's charging for rent. So -- and I know other people are.

MS. MEYER: And they can choose to live there or not. I mean, it depends on what they're living in now. I can't give you a reason why somebody would live here as opposed to living someplace else.

MALE VOICE: [inaudible]

MS. MEYER: That's a personal decision, sir.

MALE VOICE: So my question is, what evidence is there that this a community driven project?

FEMALE VOICE: The community's not driving it, is what he's getting at, Robbye. The community doesn't want it, so how [inaudible].

MS. MEYER: I understand that, and that will be taken into consideration by the board.

FEMALE VOICE: The lower income people who live in our area, are here [inaudible] so how is it community driven is what we're all trying to say.

MALE VOICE: I've gone around and circulated petitions, and there are lots of people who said, oh, yes, I used to live in one of those, I don't want one here. So how is it community driven? And that's --

MS. MEYER: Well, that'll be for my board to decide, sir. I mean, that's all I can say. The TDHCA board will make that decision of whether they think it is community driven or not. That's all I can tell you, okay. I'm a staff member, and I will take everything back to the board and give it to them and they will make the decision. I'm not making the determination, sir.

MALE VOICE: But it seems to me like your process is at odds with your mission, because nowhere has community input been asked for to initiate the project. It's my understanding his drawings are all done. Last time, they were ready to start building about a month and a half after the meeting.

I know it doesn't -- it takes a heck of a lot more time to do up the drawings than that, so there is no community input. It's -- as far as the developer's concerned, he's ready to break ground as soon as the TDHCA [inaudible]. So what kind of community input is there?

MS. MEYER: You're doing it right now, sir. And this process actually started for this particular development. I'm not saying for this application, but this development started last fall. Notifications were sent out to neighborhoods, to all elected officials.

And there was -- I mean, that was -- you had an opportunity then to speak up too. The public has had, throughout the whole process on both applications, you've had the opportunity to speak. You're doing it now, and I'm going to take that back to the board. I've told you that.

MALE VOICE: My point is not that he had the opportunity to say, yes or no it should ahead, it's do we even need him in our community.

MS. MEYER: And that will be determined by the board.

MALE VOICE: It is not determined by us, the residents of the community?

MS. MEYER: Well, if you had all the facts and information, then, you know, you present that to the board at the board meeting, and we'll see what they say.

MALE VOICE: It seems like --

MS. MEYER: But you have to have all the facts and things to go along with it. You can't just, you know, throw a couple of things out there. You've got to given them all the facts and figures that they're going to have from us, from staff.

Yes, ma'am.

FEMALE VOICE: When you said you have driven out in this area and looked around, and that's going to go in your report, whatever, have you driven during traffic time, have you driven when school is out, have you been in our areas when it's flooding, have you done that? Or just --

MS. MEYER: I haven't been here when it's flooding, no. The last time we came to do the hearing, I was in this area and actually that's why I did the site inspection the first time around. And, yes, it was right when school let out, because I have to check in. So I was at this school, and I was also down at the other end where we actually held the other hearing, so I was in that traffic also.

And, yes, I have -- we've been in traffic this evening because we arrived about 5:15. So, yes, we've been in rush -- we were on Beltway 8 behind a wreck, which I thought we were going to be late for. So, yes, I've been in the traffic, and I understand that.

FEMALE VOICE: More traffic is not going to [inaudible].

MS. MEYER: Are you doing a traffic study on this one?

The developer is paying for a traffic study for this particular development. That will be information that will be available to you, so -- I mean, that's being done.

Yes, sir?

MALE VOICE: So I'd like to ask, Mr. Bower, you said we need to facts to Austin if we show up there. The lobbyist information that I found on the Texas Ethics Commission that you guys basically I guess given money to a lobbyist, Norman F. Newton.

MR. BOWER: I've never heard that name. We hired a lobby company called Bitl, B-I-T-L. There's a guy names Richard Parker who's the guy -- and Chuck Rice, and basically, I don't know any legislators, we don't have any influence with them, and this isn't an influence thing, so we hired them. We paid them $7,000 a month for about five or six months. That's all the money we spent on lobbyists.

And their job was just to let me go -- like I did to you community groups, because I don't know how to get in the office, and they went and I went and met with the representatives, said this is what we're doing, that was it. I meant, that's all the -- that's what we spent.

I don't know where you got your figures from. I have not spent that kind of money. I've spent I think about, like I said, about 10,000 a month, started in November with a guy named Richard Parker and Chuck Rice, and not spending it anymore because I've met the people and I've showed them my project.

MALE VOICE: And then those are --

MR. BOWER: They're --

MALE VOICE: -- [inaudible]

MR. BOWER: I just told you, we paid that company $50, $60,000 probably, something like that, over five or six months, to let us go -- because I don't know the process, I don't know how to meet -- I know it's important to educate the legislators, and so I did not -- I've never gone into see a legislator.

So we hired a consultant -- basically whether you call them a lobbyist or consultant -- we hired a consultant to teach us and to walk us in and introduce us. And that's what we did, we showed him what we did and we left.

Most of -- it really didn't matter because most all the legislators have written letters against our project, so, you know, it's -- that's all -- that's the only people I've talked to. I've talked to every legislator involved in any projects we're doing. And that's the only people I've talked to.

And these guys took, me there an introduced me, because they know the staff and they knew how to walk us in and say, here, this is one of my clients.

MS. MEYER: Yes, sir?

MALE VOICE: [inaudible].

FEMALE VOICE: [inaudible].

MS. MEYER: Yes, sir.

MALE VOICE: Good points. First, I don't know how you can stand in here and tell a member of the community that he's not part of the equation. We're all part of the equation because we're members of the community. The gentleman over there [inaudible] you don't really enter into the equation. And I beg to differ. I think all the people in this room enter into the equation.

But my question is, it sounds the more and more you talk, the more and more it sounds like you're not an objective part of this and you're working [inaudible].

(Pause.)

MALE VOICE: [inaudible] if you're working in conjunction with him, and you have access to the board, then [inaudible] access to the board.

MALE VOICE: Absolutely.

MALE VOICE: Yeah.

MS. MEYER: You will see everything that's going to be presented to the board. And I don't see how you can say that, because I ask information that is actually going to go against anything that he has. I've requested that from your community, the school statistics, and whatever Ms. Ray had at the very beginning. She had some other statistics.

I wanted that information to give to the board so that they can make an informed decision. I am an objective party. I don't have a quota, as somebody stated earlier. I'm a salaried employee. I have no quota, it doesn't -- I don't get anything whether this deal moves forward or it doesn't.

So, I mean, I am an objective person, and you will see that in the board package.

MALE VOICE: Though the more you have spoken, the more and more it sounds like you haven't heard our voices and you want to [inaudible] with the project [inaudible]. You have more control since you have direct access to the board and we don't.

MS. MEYER: You have direct access to the board on November 10. If you want to address the board, you are encouraged to do so. That is your opportunity. If you want to address the board, and you can stand there and see exactly what I say to the board if they ask any questions.

And it depends whether they will or not. You know, they have a week to review the information and if they make a decision when they get there, then they've made it. But you have direct access to the board, actually better than I do. I mean, I can get in contact with them, yes, but so can you. And you have your legislators also.

Yes, sir?

MALE VOICE: Are your financial reviews

[inaudible] seven days prior?

MS. MEYER: Yes, sir.

Yes, ma'am?

FEMALE VOICE: With the state [inaudible], I object to [inaudible]. I do not consider this to be wise use of money in the United States [inaudible], nor the City of Houston because we have too many vacant apartments now. And I consider this to be -- I do, I object to the [inaudible].

MS. MEYER: Duly noted that you -- actually, I don't know if you made actually a public comment earlier about that. But I would encourage you, if you didn't, that you would actually either send that to me in writing so we can make sure that the board can see information.

One last question.

MALE VOICE: Is there any prevention to the development company going through all this process and thinking to themselves, the opposition is too strong, I withdraw right now, and reapply again in six months and we're back here again in six months debating again.

MS. MEYER: That's --

MALE VOICE: So I guess what the question is, if it's defeated, is that parcel of land then protected, or can you get off to another developer and say, yes, I couldn't get it, but maybe you can. You know, how long are we going to have to do this? Is it going to be a battle of wills?

MS. MEYER: Well, I mean, that -- you're going to have to keep up with your community. If he withdrew the application without the board making a decision, yes, he could resubmit another application.

MALE VOICE: Can he withdraw for any reason and resubmit in three months if he feels the opposition is strong right now, and I'll wait until they're gone on vacation and apply again, and, you know, something --

MS. MEYER: Well, there's 150 day window there. It's kind of hard for everybody to be on vacation for 150 days, but --

MALE VOICE: Well, I'm just making a point. Can he withdraw and then reapply --

MS. MEYER: He can withdraw on any reason that he -- if he chooses to do so, yes. There are also fees that go along with that, so not very many developers do it.

MALE VOICE: What kind of fees?

MS. MEYER: Do what?

MALE VOICE: What kind of -- you said fees that go along with that? What kind of fees are we talking about?

MS. MEYER: There's application fees, to do a pre-application it's $7500 to start off with. And then there's a $10,000 bond application fee when they actually submit their full application if they're allowed to move forward. And then there's $30 a door for the tax credit application that's submitted at the same time during full application.

MALE VOICE: Thanks.

MS. MEYER: Okay. This is the last question, then I'm going home.

MALE VOICE: [inaudible] question, if the board does reject the application, [inaudible]?

MS. MEYER: Not in the same program year. If he so chose to do it again, yes, he could. Another developer could come right in, right behind him, and take the piece of property and do the same thing.

MALE VOICE: [inaudible].

MS. MEYER: Do what?

MALE VOICE: Can the same developer reapply [inaudible].

MS. MEYER: Well, yes, they can. I wouldn't think it would be a very smart business decision, since the board's already turned it down once. But, you know, that would be the developer's -- I mean, they can do that. Again, I don't think it would be prudent to do so, but that would -- if it was my money, I wouldn't do it again. You know, if you want my personal opinion on that.

FEMALE VOICE: May I make a statement? I was helping you with the signature -- get signatures back there in the [inaudible] collected, but there are so few people that are remaining, and I know a lot of people didn't sign. So just for the record, you don't have everybody's signatures that attended tonight.

FEMALE VOICE: There were a lot of people that walked in --

FEMALE VOICE: Right. They were [inaudible].

MS. MEYER: Well, I mean --

FEMALE VOICE: That's okay.

MS. MEYER: -- well, they were supposed to have come in that door, so -- I mean -- anyway. Okay. We are done.

(Whereupon, at 9:05 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Rolling Creek Apartments

LOCATION: Houston, Texas

DATE: September 29, 2005

I do hereby certify that the foregoing pages, numbers 1 through 118, 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.

10/06/2005
(Transcriber) (Date)

On the Record Reporting
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TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2005 Private Activity Multifamily Housing Revenue Bonds

Coral Hills Apartments
6363 Beverlyhill Street
Houston, Texas

Coral Hills Apartments, L.P.
173 Units
Priority 2 – 100% of units will serve 60% AMFI

$5,320,000 Tax Exempt – Series 2005

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 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 acquisition and rehabilitation of the Coral Hills Apartments.

Summary of the Coral Hills Apartments Transaction

The pre-application was received on September 6, 2005. The application was scored and ranked by staff. The application was induced at the October 13th Board meeting and submitted to the Texas Bond Review Board for addition to the 2005 Waiting List. The application received a Reservation of Allocation on October 19, 2005. This application was submitted under the Priority 2 category. There were twenty-five people in attendance with no one speaking for the record. Most of the persons in attendance signed-in as opposed, however after their questions were answered and their concerns were addressed, the ones in attendance were satisfied with the improvements the rehabilitation would make to their neighborhood and no comments were officially made in opposition. A copy of the transcript is located in this presentation. The proposed site is located in the Houston Independent School District.

The Coral Hills Apartments proposed acquisition and rehabilitation will be located at 6363 Beverly Hills Street, Houston, Harris County. Demographics for the census tract (4327.00) include AMFI of $34,683; the total population is 8,640; the percent of population that is minority is 69.79%; the number of owner occupied units is 501; the number of renter units is 3,170 and the number of vacant units is 276. (*)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of $5,320,000. Credit enhancement will be provided by Fannie Mae through a standby irrevocable transferable credit enhancement instrument. Throughout the construction phase, Fannie Mae will be protected by a Letter of Credit issued by Regions Bank. The Bonds will carry a AAA/Aaa rating. Greystone Servicing Corporation, Inc. (Fannie Mae DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 to 1 (Net Operating Income 1.2 times the debt service) amortized over 30 years. The term of the bonds will be for 33 years. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only, followed by a 30 year term and amortization.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Coral Hills 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 Regions Bank, Fannie Mae, Paramount Financial Group and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
November 10, 2005

DEVELOPMENT: Coral Hills Apartments, Houston, Harris County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
2005 Private-Activity Multifamily Revenue Bonds
(Reservation received 10/19/2005)

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

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Coral Hills Apartments, Ltd., a Alabama limited partnership (the "Borrower"), to finance the acquisition, rehabilitation, equipping and long-term financing of a 173-unit multifamily residential rental Development to be located at 8038 Gatehouse Drive**,** Harris County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development. (*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.)*

BOND AMOUNT: $5,320,000 Series 2005 Tax Exempt bonds (*)
$5,320,000 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 October 19, 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 March 18, 2006, the anticipated closing date is December 15, 2005.

** Preliminary - Represents Maximum Amount*

BORROWER: Coral Hills Apartments, L.P., an Alabama limited partnership, the general partner of which is Summit America XXIII, Inc., the sole member is W. Daniel Hughes, Jr, with 100% ownership. Paramount Financial Group, Inc 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 October 26, 2005 reveals that the principals of the general partner above have no properties being monitored by the Department at this time.

ISSUANCE TEAM: Greystone Servicing Corporation, Inc. (FNMA DUS Lender/Servicer)
Regions Bank (Letter of Credit Provider)
Fannie Mae (Credit Facility Provider)
Merchant Capital. (Underwriter)
JPMorgan Chase 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 will be publicly offered for sale on or about December 14, 2005 at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION: The Development is a 174 unit apartment community (173 rental units and 1 employee unit) to be acquired and rehabilitated located at 6363 Beverlyhill Street, Houston**,** Harris County, Texas. The rehabilitation will consist of rebuilding and surfacing the parking lot, providing covered carports with gated access. The roof will be replaced and cosmetic additions will be made to the outside of the complex. The cabinets and appliances will be replaced in units.

Units	Unit Type	Sq Ft	Proposed	AMFI
122	1-Bed/1-Bath	743	$527.00	60%
51	2-Bed/1-Baths	897	$669.00	60%
173	Total Rental 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. *(The Borrower has elected to set-aside 100% of the units for tax credit purposes)*

RENT CAPS: For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income which is a Priority 2 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 Departments Land Use Restriction Agreement.

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid)
$10,000 Application Fee (Paid)
$26,600 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

$5,320 Bond Administration (0.10% of first year bond amount)
$4,350 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: $4,350 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 $214,140 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 $1,991,503 of equity for the transaction.

BOND STRUCTURE & SECURITY FOR THE BONDS: 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.

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, rehabilitation, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development. The Mortgage Loan and security instruments will be assigned to the Trustee and

Fannie Mae and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase"), and, if conversion ("Conversion") from the Construction Phase to the permanent mortgage period (the "Permanent Phase") occurs, credit enhancement for the Loan and, if Conversion occurs, liquidity support for the Bonds outstanding, will be provided by Fannie Mae pursuant to a Stand-by Irrevocable Transferable Credit Enhancement Instrument (the "Fannie Mae Credit Facility"). Throughout the Construction Phase, Fannie Mae will be protected against risk of loss by a letter of credit issued by Regions Bank. If Conversion does not occur and Regions Bank has not exercised its option to purchase the Bonds, the Bonds will be subject to mandatory redemption.

In addition to the credit enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consists of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate Fund, the Fees Account of the Revenue Fund and the Costs of Issuance Deposit Account of the Cost of Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

CREDIT ENHANCEMENT: The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of AAA/Aaa and an anticipated initial fixed rate not to exceed 6.00%. Without the credit enhancement, the Bonds would not be investment grade and therefore command a higher interest rate from investors on similar maturity bonds.

FORM OF BONDS: The Bonds will be issued in book entry form and will be in authorized denominations of $5,000 or any integral multiple of $5,000.

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.

During the Construction 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, which is anticipated to occur thirty months from the closing date of the Bonds with one six-month extension option, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction 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 (a) from the date of issuance to the Initial Remarketing Date at a fixed rate and (b) from the Initial Remarketing Date to maturity, which is February 1, 2039, or earlier redemption or acceleration at the rates determined from time to time by the Remarketing Agent pursuant to the Indenture.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Mortgage Loan Fund specifically for capitalized interest during a portion of the Construction Phase; (4) or payments made by Fannie Mae under the Fannie Mae Credit Facility.

Fannie Mae is obligated under the Fannie Mae Credit Facility to fund the payment of the Borrower's loan payments in the event the Borrower fails to make any payment of interest or interest and principal. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

REDEMPTION OF BONDS PRIOR TO MATURITY:

The Bonds are subject to redemption under any of the following circumstances:

Optional Redemption:

The Bonds are not subject to optional redemption prior to the date specified in the Indenture.

On or after such date and prior to the Initial Remarketing Date, the Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Mortgage Loan in accordance with the Mortgage Loan Documents.

On or after the Initial Remarketing Date, the Bonds are subject to optional redemption in whole or in part during the periods and at the respective redemption prices set forth in the Indenture as expressed percentages of the principal amount of the Bonds called for redemption.

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 Financing Agreement and the Mortgage Loan Documents to restoring or repairing the Mortgaged Property or, with the consent of the Credit Provider, otherwise used for improvements to the Mortgaged Property or applied to the reimbursement of amounts owed to the Credit Provider.

(2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction, or with the prior written consent, of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Security Instrument, the Credit Facility Agreement or the Financing Agreement or the occurrence of a Borrower Default or Direction to Draw under the Construction Phase Financing Agreement.

(3) The Bond shall be subject to mandatory sinking fund installments, at the times and in the amounts set forth in the amortization schedule established pursuant to the Indenture.

(4) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.

(5) The Bonds shall be redeemed in whole if the Loan Servicer does not issue the Conversion Notice on or before the Termination Date, unless the Credit Provider otherwise directs the Trustee and Loan Servicer in writing.

(6) The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Mortgage Loan Fund or the General Account of the Revenue Fund are transferred to the Redemption Account.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

Under the Trust Indenture, JPMorgan Chase 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.

The Trust Indenture will create up to six (6) funds with the following general purposes:

1. Mortgage Loan Fund – Consists of a Project Account and Capitalized Interest Account. Monies in the Mortgage Loan Fund will be withdrawn to pay the costs of rehabilitationand other approved costs of the Development, and interest on the Bonds.

2. Revenue Fund – Consists of a General Account, Redemption Account, Credit Facility Account and the Fees Account. Monies in the Revenue Fund shall be disbursed for interest on the Bonds, sinking fund redemption payments, principal amounts due, third party fees to the redemption of Bonds.

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. Bond Purchase Fund – Consists of a Remarketing Proceeds Account and a Remarketing Expenses Account. Monies are used to pay the purchase price of the Bonds on a Remarketing Date in the event the Bonds are not remarketed and Remarketing Expenses.

6. Equity Fund – Fund into which amounts designated by the Borrower as equity funds are deposited and disbursed by the Trustee pursuant to a requisition.

Essentially, all of the bond proceeds will be deposited into the Loan Fund and disbursed during the Construction Phase to finance the construction of the Development. 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 selected to serve as the Department's bond counsel in August 2003. V&E has served in such capacity since 1980, when the firm was selected initially.

2. Bond Trustee – JPMorgan Chase Bank, National Association was selected by the Borrower from the Department’s list of approved trustees for multifamily bond issues. This trustee was approved by the Department in December 2003.

3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected to serve as the Department's financial advisor in June 2003.

4. Underwriter – Merchant Capital was selected by the Borrower from the Department’s list of approved senior managers for multifamily bond issues. The underwriter list was approved by the Department in September 2004.

5. Disclosure Counsel – McCall, Parkhurst & Horton, L.P.P. was selected to serve as the Department's disclosure counsel in August 2003.

ATTORNEY GENERAL REVIEW OF BONDS:

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

RESOLUTION NO. 05-087

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (CORAL HILLS 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, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Coral Hills 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 JPMorgan Chase Bank, National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Coral Hills Apartments, Ltd., an Alabama limited partnership (the "Borrower"), in order to finance the cost of acquisition, rehabilitation and equipping of a qualified residential rental development described on Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 13, 2005, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the

Borrower to enable the Borrower to finance the cost of acquisition, rehabilitation and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Mortgage 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 Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for by a Standby Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); and

WHEREAS, it is anticipated that the Mortgage Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Security Instrument") by the Borrower for the benefit of the Department and Fannie Mae; and

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Mortgage Note and the Security Instrument, will be assigned to the Trustee, as its interests may appear, and to Fannie Mae, as its interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") among the Department, the Trustee and Fannie Mae and acknowledged, accepted and agreed to by the Borrower; 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 Development which will be filed of record in the real property records of 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 a Preliminary Official Statement (the "Preliminary Official Statement") and an Official Statement (the "Official Statement", and together with the Preliminary Official Statement, the "Official Statements") and to authorize the authorized representatives of the Department to deem the Official Statements "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statements as may be required to provide final Official Statements 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 Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Merchant Capital, LLC (the "Underwriter"), and any other parties to such Bond Purchase Agreement 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 Bond Purchase Agreement; 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 Development for the purpose of monitoring the operation and maintenance of the Development; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Official Statements, the Bond 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 Security Instrument 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 Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument 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 BOARD OF THE DEPARTMENT:

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 the Chair or Vice Chairman of the Board or the Executive Director or Acting 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 Bond Purchase Agreement, 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 or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest (a) from the date of issuance to the Initial Remarketing Date at a fixed rate not to exceed 6.00% and (b) from the Initial Remarketing Date until maturity or earlier redemption or acceleration thereof 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; (ii) the aggregate principal amount of the Bonds shall not exceed $5,320,000; (iii) the final maturity of the Bonds shall occur not later than February 1, 2039; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement 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 Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing 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 and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement, as appropriate.

Section 1.7--Acceptance of the Mortgage Note and Security Instrument. That the form and substance of the Mortgage Note and Security Instrument are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Mortgage Note to the order of the Trustee and Fannie Mae, as their interests may appear, without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment 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 Assignment and to deliver the Assignment to the Trustee and Fannie Mae.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statements. That the form and substance of the Official Statements and their 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 Board and the Executive Director or Acting 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 Statements 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 Statements, as required; and that the distribution and circulation of the Official Statements 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 Bond Purchase Agreement and as may be approved by the Executive Director or Acting 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	-	Financing Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Bond Purchase Agreement
Exhibit F	-	Security Instrument
Exhibit G	-	Mortgage Note
Exhibit H	-	Assignment
Exhibit I	-	Preliminary 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 or Acting 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 Development's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or Acting 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 Development.

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--Engagement of Other Professionals. That the Executive Director or Acting 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 Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

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 and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting 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 Development 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 be Greystone Servicing Corporation.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for the units of the Development shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.9—Engagement of Other Professionals. That the Executive Director or Acting Executive Director of the Department or any successor is authorized to engage auditors, analysts and consultants to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.10--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 Development 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 Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

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

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement and 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 Development with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

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

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

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Mortgage Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development 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 Chapters 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 or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

Section 4.4--Notice of Meeting. 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 10th day of November, 2005.

[SEAL]

By:___________________________________
Elizabeth Anderson, Chair

Attest:_______________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner:	Coral Hills Apartments, Ltd., an Alabama limited partnership
Development:	The Development is a 173-unit multifamily facility to be known as Coral Hills Apartments and to be located at 6363 Beverly Hill Street, Houston, Harris County, Texas. It will consist of 16 two-story residential apartment buildings with approximately 136,378 net rentable square feet and an average unit size of approximately 788 square feet. The unit mix will consist of:

122	one-bedroom/one-bath units
49	two-bedroom/one-bath units
2	two-bedroom/one and a half-bath units
173	Total Units

Unit sizes will range from approximately 656 square feet to approximately 1,377 square feet.

Common areas are expected to include two swimming pools and laundry facilities. All units are expected to have central heating and air conditioning, carpeting and vinyl tile, miniblinds, a dishwasher, a range and oven, a microwave and washer/dryer connections.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Coral Hills Apartments, TDHCA Number 05623

BASIC DEVELOPMENT INFORMATION

Site Address:	6363 Beverly Hill Street			Development #:	05623
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77057	Allocation:	

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

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:	Coral Hills Apartments, Ltd.
	Hunter McKenzie - Phone: (334) 954-4458
Developer:	Summit Asset Mangament, LLC
Housing General Contractor:	Penco Construction Company
Architect:	Brown Chambles & Company
Market Analyst:	Novogradac & Company, LLP
Syndicator:	Paramount Financial Group
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	173	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	122	51	0	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 16

Total Restricted Units:	173
Market Rate Units:	0
Owner/Employee Units:	1
Total Development Units:	174
Total Development Cost:	$8,348,533

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:	$268,660	$214,140	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:	$5,320,000	$5,320,000	30	0	6.10%

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Coral Hills Apartments, TDHCA Number 05623

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Lindsay, District 7 NC Points: 0 US Representative: Green, District 9, NC

TX Representative: Hochberg, District 137 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC Resolution of Support from Local Government ☐

Milton Wilson, Jr., Director, Housing and Community Development Department - The proposed development for rehabilitation of affordable housing is consistent with the City of Houston's Consolidated Plan.

Gordon Quan, Council Member, City of Houston, At Large Position 2 - S

Individuals/Businesses: In Support **1** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 19
Number that spoke: 1
Number in support: 3
Number in oppostion: 15
Number Neutral: 3

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 revised PCA to reflect the PCA providers opinion with regard to the reasonableness of the planned repairs and their cost as well as a 30 year proforma of scheduled long term repairs.

3. Receipt, review and acceptance of revised permanent loan commitments reflecting an increase in the debt by $315,294, or an acceptance by the lenders and syndicator of the inclusion of additional partnership debt in the same amount as well as acceptance of 100% deferred developer fee.

4. Should the terms and rates of the proposed debt or syndcation 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

November 10, 2005

Development Information, Public Input and Board Summary

Coral Hills Apartments, TDHCA Number 05623

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: NA

HOME Loan: Loan Amount: $0

Recommendation: N/A

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

Recommendation: NA

4% Housing Tax Credits with Bond Issuance: Credit Amount: $214,140

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $ annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $5,320,000

Recommendation: Recommend approval of issuance of $5,320,000 in Tax Exempt Mortgage Revenue Bonds with a fixed interest rate underwritten at an all in rate of 6.1% and a 30 year amortization period, subject ot conditions.

Coral Hills Apartments

Estimated Sources & Uses of Funds

Sources of Funds		
Series 2005 Tax-Exempt Bond Proceeds	$	5,320,000
Tax Credit Proceeds		2,479,749
Deferred Developer's Fee		660,931
Estimated Interest Earning		311
Total Sources	$	8,460,991

Uses of Funds		
Acquisition and Site Work Costs	$	6,726,690
Direct Hard Construction Costs		-
Other Construction Costs (General Require, Overhead, Profit)		-
Indirect Construction Costs		151,850
Developer Fees		890,161
Direct Bond Related		248,450
Bond Purchaser Costs		350,600
Other Transaction Costs		51,000
Real Estate Closing Costs		42,240
Total Uses	$	8,460,991

Estimated Costs of Issuance of the Bonds

Direct Bond Related		
TDHCA Issuance Fee (.50% of Issuance)	$	26,600
TDHCA Application Fee		11,000
TDHCA Bond Administration Fee (2 years)		5,320
TDHCA Bond Compliance Fee ($25 per unit)		6,960
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)		5,000
Borrower's Bond Counsel		32,000
Trustee Fee		7,500
Trustee's Counsel (Note 1)		2,500
Attorney General Transcript Fee		9,500
Texas Bond Review Board Application Fee		5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)		1,330
DTC, CUSIP, Misc		35,740
Total Direct Bond Related	$	248,450

Coral Hills Apartments

Bond Purchase Costs	
Merchant Capital (Underwriter) & Counsel	87,500
Regions Bank (LOC Provider) & Counsel	125,400
Greystone Servicing Corporation (Permanent Lender) & Counsel	92,200
Fannie Mae Credit Enhancement Counsel	32,000
Rating Agency and Printing	13,500
Construction Interest	
Total Bond Purchase Costs	$ 350,600
Other Transaction Costs	
Tax Credit Application and Determination Fees	21,000
Operating Reserves	30,000
Total Other Transaction Costs	$ 51,000
Real Estate Closing Costs	
Title & Recording (Const.& Perm.)	42,240
Property Taxes	
Total Real Estate Costs	$ 42,240
Estimated Total Costs of Issuance	$ 692,290

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.

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: November 3, 2005 **PROGRAM:** 4% HTC MRB **FILE NUMBER:** 05623

DEVELOPMENT NAME

Coral Hills Apartments

APPLICANT

Name: Coral Hills Apartments, Ltd. **Type:** For-profit

Address: 105 Tallapoosa Street, Suite 300 **City:** Montgomery **State:** AL

Zip: 36104 **Contact:** Hunter McKenzie **Phone:** (334) 954-4458 **Fax:** (334) 954-4496

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name	(%)	Title
Summit America Properties XXIII, Inc.	.01	Managing General Partner
Summit America Properties, Inc. ("Summit")	N/A	100% owner of MGP
Realty Partners, L.L.C. ("Realty")	N/A	100% owner of Summit
W. Daniel Hughes, Jr.	N/A	President/ Director of MGP and 78% owner of Realty
Summit Asset Management, LLC	N/A	Developer

PROPERTY LOCATION

Location: 6363 Beverly Hill Street ☒ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77057

REQUEST

Amount	Interest Rate	Amortization	Term
1) $5,320,000	6%	30 yrs	18 yrs
2) $268,660	N/A	N/A	N/A

Other Requested Terms:
1) Tax-exempt private activity mortgage revenue bond
2) Annual ten-year allocation of housing tax credits

Proposed Use of Funds: Acquisition/ Rehabilitation **Property Type:** Multifamily

Special Purpose (s):

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $5,320,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE UNDERWRITTEN AT AN ALL IN RATE OF 6.1% AND A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $214,140 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a revised PCA to reflect the PCA providers opinion with regard to the reasonableness of the planned repairs and their cost as well as a 30 year proforma of scheduled long term repairs is a condition of this report.
2. Receipt, review, and acceptance of revised permanent loan commitments reflecting an increase in the debt by $315,294, or acceptance by the lenders and syndicator of the inclusion of additional partnership debt in the same amount as well as acceptance of 100% deferred developer fee.
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:	173	**# Rental Buildings**	16	**# Non-Res. Buildings**	0	**# of Floors**	2	**Age:**	31 yrs	**Vacant:**	N/A at / /

Net Rentable SF:	136,378	**Av Un SF:**	788	**Common Area SF:**	832	**Gross Bldg SF:**	137,210

STRUCTURAL MATERIALS

The structure is wood frame on a concrete slab on grade. According to the plans provided in the application the exterior is comprised as follows: 85% brick veneer and 15% wood siding. The interior wall surfaces are drywall and the pitched roof is finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring is a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, refrigerator, tile tub/shower, washer & dryer connections, laminated counter tops, boiler water heating system, & individual heating and air conditioning.

ONSITE AMENITIES

A community building will not be included. One of the existing residential units of 832 square feet will be converted into additional leasing office space. The two swimming pools and community garden/ walking trail are centrally located to serve all units. In addition, perimeter fencing with a limited access gate is planned for the site.

Uncovered Parking: 111 spaces **Carports:** 152 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Coral Hills is an acquisition and rehabilitation development of 174 units that will be converted to 173 units of affordable housing located in southwest Houston. The additional unit will be used as a property leasing office. The compact site results in a 40.18-unit per acre ratio. The development was built in 1974 and is comprised of 16 evenly-distributed medium-sized, garden style, walk-up, low-rise residential buildings as follows:

- One Building Type A with 20 one-bedroom/one-bath units, one two-bedroom/one-bath units, and one two-bedroom/two-bath units;
- One Building Type B with 19 one-bedroom/one-bath units, and one two-bedroom/two-bath units;
- Two Building Type C/F with ten two-bedroom/one-bath units;
- Two Building Type D/E with sixteen one-bedroom/one-bath units;
- Three Building Type G/H/I with four one-bedroom/one-bath units;
- Two Building Type J/M with twelve two-bedroom/one-bath units;
- Two Building Type K/L with 16 one-bedroom/one-bath units;
- Two Building Type N/P with four one-bedroom/one-bath units;

- One Building Type O with four two-bedroom/one-bath units;

Development Plan: The buildings were 60% occupied pre-Hurricane Katrina relief and in "fair to average condition due to the level of deferred maintenance currently present in areas such as site work, structural, mechanical/ electrical, interior finishes and the exterior." Currently occupancy has risen to 93% as a result of housing victims of Hurricane Katrina. The application did not contain a narrative or other detailed description of the plan for rehabilitation aside for the project cost schedule. A Property Condition Assessment (PCA) was conducted by Joseph Donaldson with Real Estate Advisors, L.L.C. on September 7, 2005. The PCA reflects immediate needs and planned repairs consisting of replacing the existing flat roofs, parking lot and carport repairs and replacement, addition of exterior lighting, replacing gutters and downspouts, replacing several older appliances and cabinets, installing smoke detectors and GFI outlets, and providing improved accessibility including retrofitting 5% of units for accessibility compliance. The Appraiser indicated that, "The proposed renovation appears adequate relative to the level of deferred maintenance currently present at the Subject." (Appraisal p. 5) The Applicant indicates that the rehabilitation will be performed around the residents to ensure that their lifestyle does not become disrupted. This plan may be more difficult to successfully execute given the post-Katrina occupancy.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other apartment developments of this age. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

SITE ISSUES

SITE DESCRIPTION

Size:	4.4821 acres	195,240 square feet	**Flood Zone Designation:**	Zone X
Zoning:	The City of Houston does not have zoning			

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located in southwest Houston. The site is a rectangularly-shaped parcel, approximately nine miles from the central business district. The site is situated on the south side of Beverly Hill Street.

Adjacent Land Uses:

- **North:** Beverly Hill Street immediately adjacent and office buildings beyond;
- **South:** Bayou Gardens Nursery and Hidden Pines Apartments;
- **East:** Drainage canal immediately adjacent and auto maintenance and sales facility beyond; and
- **West:** A parking lot immediately adjacent.

Site Access: Access to the property is from the east or west along Beverly Hill Street or the north or south from Unity Drive. The development has one main entry from the north from Beverly Hill Street. Access to Interstate Highway 610 is 2.5 miles east, which provides connections to all other major roads serving the Houston area.

Public Transportation: Public transportation to the area is provided by the Metropolitan Transit Authority of Harris County (METRO). "The location of the nearest stop is at the corner of Hillcroft Street and Richmond Avenue, approximately 0.3 miles northwest of the Subject." (Appraisal, p. 23)

Shopping & Services: The site is within two miles of a major grocery store, a shopping center, a library, 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 October 20, 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 September 8th, 2005 was prepared by Real Estate Advisory, LLC (REA) and contained the following findings and recommendations:

Findings:

- **Asbestos-Containing Materials (ACM):** "No asbestos-containing materials were identified during the assessment. Further, in the event of significant demolition or renovation, REA recommends that materials not previously sampled, such as roofing materials, be sampled in accordance with EPA regulations." (p. 19)
- **Lead-Based Paint (LBP):** "Sampling conducted in the prior report did not identify LBP at the Property. Additional testing did not identify lead-containing materials in testing conducted by REA. Therefore, REA considers the potential for significant applications of LBP at the Property to be unlikely." (p. 21)
- **Radon:** "Detected levels of radon gas were below the USEPA action level of 4.0 pCi/L. Therefore, radon is not considered an environmental concern at the Property." (p. 22)

Recommendations: "… REA did not locate recognized environmental conditions that would impose a liability, restrict the use, limit the development, or impact the value or marketability of the Property." (p. iv)

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. 173 of the units (100% of the total) will be reserved for low-income tenants. 173 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	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated August 19, 2005 was prepared by Novogradac & Company LLP ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "…The Subject's Primary Market Area (PMA) is the area bounded by Woodway Drive and Memorial Drive to the north, Interstate 610 to the east, Bellaire Boulevard to the south, and Fondren Road to the west, as depicted on the following page." (p. 12). This area encompasses approximately 14 square miles and is equivalent to a circle with a radius of two miles.

Definition of Secondary Market Area (PMA): "The secondary market area is defined as the City of Houston..." (p. 12).

Population: The estimated 2004 population of the PMA was 122,022 and is expected to increase by 7.5% to approximately 131,125 by 2009. Within the primary market area there were estimated to be 55,632 households in 2004. Since the population of the PMA exceeded 100,000, the Underwriter set the population equal to 100,000 (the department maximum) and reran the numbers so that the population and demand were reduced by the same factor. With the population set to 100,000, the estimated households in the PMA in 2004 were 45,592.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 2,441 qualified households in the PMA, based on the current estimate of 56,340 households, the projected annual growth rate of 1.3%, renter households estimated at 78% of the population, income-qualified households estimated at 18.3%, and an annual renter turnover rate of 29%. The Market Analyst used an income band of $20,057 to $32,940.

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	110	5%	252	10%
Resident Turnover	2,331	95%	2,268	90%
Other Sources:		%		%
TOTAL ANNUAL DEMAND	**2,441**	**100%**	**2,520**	**100%**

Ref: summary

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 17.4% based upon 2,520 units of demand and 438 units of unstabilized affordable housing in the PMA (including the subject). The Underwriter calculated an inclusive capture rate of 17.9% based upon a supply of unstabilized comparable affordable units of 438 divided by a revised demand of 2,441. Since the population of the primary market area exceeds 100,000, the Underwriter resized the demographic information so that the population would be equal to 100,000 for testing purposes. In this analysis, the Underwriter's capture rate would be 10.1% and the Market Analyst's rate would be 18.4%, still within department tolerance for concentration. It should be noted that the subject development is currently 60% occupied, and it is likely the existing tenants will choose to remain at the property. Therefore, an inclusive capture rate calculation is not as meaningful a tool for determining the feasibility of the subject development as it would otherwise be given the likely tenant retention.

Local Housing Authority Waiting List Information: "One of the selected comparable properties currently maintains a small waiting list of five households for their two-bedroom units. Based on this information, it does not appear that the Subject will maintain a waiting list after converting to LIHTC." (p. 39).

Market Rent Comparables: The Market Analyst surveyed seven comparable apartment projects totaling 1,944 units in the market area. (p. 33).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-BR (60%) 656 sq ft	$496	$602	-$106	$600	-$104
1-BR (60%) 663 sq ft	$514	$602	-$88	$600	-$86
1-BR (60%) 723 sq ft	$517	$602	-$85	$600	-$83
1-BR (60%) 751 sq ft	$525	$602	-$77	$600	-$75
1-BR (60%) 768 sq ft	$530	$602	-$72	$600	-$70
1-BR (60%) 825 sq ft Townhouse	$551	$602	-$51	$600	-$49
1-BR (60%) 832 sq ft	$551	$602	-$51	$600	-$49
2-BR (60%) 870 sq ft	$640	$718	-$78	$750	-$110
2-BR (60%) 896 sq ft	$640	$718	-$78	$750	-$110
2-BR (60%) 1128 sq ft Townhouse	$669	$718	-$49	$825	-$156
2-BR (60%) 1377 sq ft Townhouse	$725	$718	$7	$850	-$125

(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: "From its current occupancy of 60 percent, we anticipate a six month lease-up period to reach stabilization based on its current rents, which include two months free rent. 'As complete', the property is anticipated to maintain a stabilized occupancy of 92 percent or greater upon renovation and conversion to LIHTC." (Appraisal, p. 5).

Absorption Projections: "Absorption is anticipated to be negligible after renovation since the Subject should be already operating at a stabilized occupancy and most of the tenants will likely be income qualified and prefer to remain at the Subject in its improved condition." (Appraisal, p. 5).

Known Planned Development: "Based on information collected from the TDHCA website, the Houston Planning Department, and property managers, the Subject's competition from LIHTC properties in the foreseeable future are Fountain Oaks and St. Cloud Apartments. Both of these properties are existing LIHTC projects, and are located 1.3 and 1.5 miles from the Subject, respectively."
"There are no other developments located within one linear mile of the Subject site that have been awarded funds by the TDHCA in the three years prior to the application acceptance period." (MKT Study, p. 28).

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 program guidelines. The Underwriter calculated rents derived as the lower of the per square foot conclusion of the market analyst multiplied by the square footage for each unit or the tax credit rent. Based on the Market Analyst's estimate of achievable rent the Underwriter believes the property can achieve approximately $155K in additional income. Moreover the current rents reflected on the latest rent roll suggest that rents are currently as high or higher than the Underwritten rents. The Applicant indicated that the property will shift from landlord paying water and sewer to individually metered one where the tenants will reimburse the landlord for water and sewer. The Applicant further indicated that the landlord will continue to pay for water heating under a centralized water heating system, and rents and expenses were calculated accordingly. The Applicant included secondary income of $22.13 which is above the Department guidelines of $15 per unit per month and provided no additional substantiation for this estimate though the Underwriter conjectures that this may be a result of the reimbursement of water and sewer from the tenant. The Applicant utilized a higher vacancy and collection loss rate of 9%, based on pre-Katrina leasing difficulties for the development and for the Houston Market generally. The Appraiser also included a higher 12% vacancy and collection loss post rehabilitation but has verbally indicated that this level of vacancy, while appropriate at the pre-Katrina effective date of the report, may be overstated given the significant improvement in occupancy rates since the Hurricane. The Underwriter maintained the historical 7.5% vacancy and collection loss standard. As a net result, the Applicant's effective gross income estimate is $148K less than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,393 per unit is 10% lower than the Underwriter's database-derived estimate of $3,785 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative ($14K lower), payroll ($41K lower), and water, sewer, and trash ($23K higher). The Underwriter used $300 per unit minimum annual replacement reserve versus $251 per unit used by the Applicant. The PCA is also required to comment on the ongoing need for additional repairs for the length of the affordability period, typically 30 years. The PCA provided only reflects needs for the first 12 years of the affordability term and concludes an annual reserve requirement of $277 per unit. Based on the analysis provided it is likely that a 30-year evaluation will result in a higher annual estimate. Receipt, review, and acceptance of a revised PCA to reflect the PCA providers opinion with regard to the reasonableness of the planned repairs and their cost as well as a 30-year proforma of scheduled long term repairs is a condition of this report.

Conclusion: The Applicant's estimated income and total estimated operating expense are 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. Both the Underwriter's and Applicant's estimated debt coverage ratio (DCR) exceeds the program maximum standard of 1.30. This suggests that the project could support additional debt service. Based on the Underwriter's analysis of a 1.53 DCR, at the all-in fixed interest rate projected to be 6.1%, the Development could support additional debt service of $69,472 annually and still maintain a 1.30 DCR. This results in an additional potential debt of $955K and may reduce the need for other funds. This will be discussed in more detail in the financing conclusions below.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only:	$1,475,000 (34%)	**Date of Valuation:**	8/ 12/ 2005
Existing Buildings (Calculated): "as is"	$2,850,000 (66%)	**Date of Valuation:**	8/ 12/ 2005
Total Development: "as is"	$4,325,000	**Date of Valuation:**	8/ 12/ 2005

Appraiser: Novogradac & Company, LLP **City:** Austin **Phone:** (512) 340-0420

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal dated September 6, 2005, was provided by the Applicant. The Appraisal was performed by H. Blair Kincer, MAI with Novogradac & Company. The Appraisal provides four values: "as-is", "prospective value" (LIHTC scenario), "prospective value" (unrestricted market rate scenario), and land value. The current "as-is" value is most important in underwriting of this property because it will provide support for the purchase price of the subject as well as provide the proration for the eligible basis calculation for the buildings. For the "as-is" valuation, the primary approach used was the sales comparison or income approach. Due to the quality of the comparable sales the appraisal provides a reasonable estimation of land value. In this case the value and purchase price are different. Based upon the "reasonable similar" comparable land sales the value of the underlying land was valued at $1,475,000 or 34% of the total appraised value.

ASSESSED VALUE

Land: 4.33 acres	$660,150	**Assessment for the Year of:**	2005
Building:	$2,424,750	**Valuation by:**	Harris County Appraisal District
Total Assessed Value:	$3,084,900	**Tax Rate:**	2.99%

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and Sale Agreement (4.33 acres)		
Contract Expiration Date:	3/ 1/ 2006	**Anticipated Closing Date:**	12/ 15/ 2005
Acquisition Cost:	$4,800,000 base $5,389,000 total	**Other Terms/Conditions:**	plus $302,647 defeasance and $286,353 buyer broker commission
Seller:	Houston Beverly Hollow Associated, Ltd.	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The Applicant initially claimed eligible basis based upon a building value percentage of 90% applied to the total acquisition price of $5,389,000. The appraisal concluded the "as-is" market value of the land to be 34% of the total appraised value resulting in 66% attributable to the building. The Applicant further informed the Underwriter that the buyer broker, Winter Coleman Real Estate L.L.C. has a small but current identity of interest with the General Partner of the Applicant and therefore the entire $286,353 buyer broker commission should be removed to developer fee (to the extent eligible developer fee does not exceed 15% of eligible acquisition costs). The Underwriter has used the most conservative building value approach of using prorata appraised value for the building multiplied by the total eligible sales price (the contract stated price of $4,800,000 plus existing loan defeasance costs of $302,647 that the contract calls for the buyer to pay) to conclude an eligible basis value for the existing buildings of $3,362,438. This is $551,562 less than the Applicant's most current development cost schedule and even more significantly less than the Applicant's original requested acquisition eligible basis.

Sitework Cost: Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of $290,965 or $1,682 per unit.

Direct Construction Cost: The Applicant's direct construction cost estimate is $819,455 for a total site work and direct cost of $1,110,420. The cost for the immediate repairs provided in the PCA total $1,225,330, but are listed as the contractor provided budget numbers. The difference in cost is not directly identifiable and the PCA provider did not provide an affirmation that the contractor's budgeted costs are reasonable. Receipt, review, and acceptance of such reconciliation and statement of reasonableness by the PCA provider is a condition of this report. The PCA provider is also required to discuss the planned improvements and is generally expected to opine on the reasonableness of the cost of the repairs. The PCA's proforma of physical needs over time reflects a range of $35,000 to $50,000 in annual repairs over the first five years which is unusually high for a property that has completed rehabilitation. Moreover the items identified, appliances, A/C and floor finishes could have been incorporated in the rehabilitation budget but appear to not have been included. This issue was discussed with the Applicant and it was suggested by the Applicant that additional eligible rehabilitation costs may be added to the development budget prior to cost certification.

Fees: As discussed above, buyer's broker commissions to an identity of interest entity totaling $286,353 were initially moved to developer fees however the eligible developer fee was already at the 15% limit and therefore this commission was subsequently moved to ineligible costs. Because the Applicant included this commission as eligible acquisition basis and maximized a developer fee from that amount, the Applicant's developer fee is overstated by $86,304.

Conclusion: The Underwriter's direct construction costs are derived from the Applicant's budget. While this report is conditioned upon the verification of these costs through the PCA, the Applicant's total costs are used to evaluate the uses of funds for the development. As discussed above, the ineligibility of the buyer's broker commission and resulting adjustments to the eligible developer fee has resulted in an eligible basis of $5,566,339 which is used to determine a credit allocation of $214,140 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 CONSTRUCTION FINANCING

Source: Regions Bank **Contact:** Spencer Knight

Principal Amount: $5,320,000 **Interest Rate:** 6.0%

Additional Information:

Amortization: N/A yrs **Term:** 2.5 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

BRIDGE FINANCING

Source: Realty Partners L.L.C. **Contact:** Scott Crossfield

Principal Amount: $315,294 **Interest Rate:** To be set at closing

Additional Information:

Amortization: TBD yrs **Term:** TBD yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: TBD **Lien Priority:** 2 **Date:** 11/ 3/ 2005

PERMANENT FINANCING

Source: Greystone **Contact:** Jennifer Spence

Principal Amount: $5,320,000 **Interest Rate:** 6.1% (all-in rate –commitment estimated 6% originally)

Additional Information:

Amortization: 30 yrs **Term:** 32.5 yrs **Commitment:** ☒ LOI ☐ Firm ☒ Conditional

Annual Payment: $382,753 **Lien Priority:** 1 **Date:** 9/ 1/ 2005

TAX CREDIT SYNDICATION

Source: Paramount Financial Group **Contact:** Mike Moses

Net Proceeds: $2,404,720 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 93¢

Commitment: ☒ LOI ☐ Firm ☒ Conditional **Date:** 8/ 18/ 2005

Additional Information: The proceed amount shown in the syndication agreement ($2,404,720) is different than the application's original estimate ($2,498,286) based on the difference in anticipated percentage of ownership.

APPLICANT EQUITY

Amount: $684,306 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and purchased by Greystone. The permanent financing commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application. The Underwriter used an all-in interest rate of 6.1% based on a stack consisting of the following: The estimated bond rate of 4.95%, credit enhancement of 0.46%, servicing fee of 0.44%, trustee fee of 0.15%, and TDHCA issuer fee of 0.1%

HTC Syndication: The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the proceeds amount is different as it was based upon a credit amount of $258,598 annually. The Applicant subsequently revised their credit estimate down to $236,642 and syndication proceeds estimate to $2,140,608.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $684,306 amount to 76% of the total fees.

Financing Conclusions: Based on the developer fee adjustments to the Applicant's estimate of eligible basis, the HTC allocation should not exceed $214,140 annually for ten years, resulting in syndication proceeds of approximately $1,991,503. Based on this analysis, the gap of funds needed typically filled by deferred developer fee will be increased to $1,037,030, which represents over 100% of the eligible fee and more than the unrelated contractor fee available. The Applicant has provided a commitment letter from the corporate principal of the general partner, Realty Partners L.L.C., to provide a loan in the amount of $315,294 to the partnership to bridge the funding gap, in addition to deferring the entire amount of developer fee. Receipt, review, and acceptance of a revised permanent loan commitments reflecting an increase in the debt by $315,294, or acceptance by the lenders and syndicator of the inclusion of additional partnership debt in the same amount as well as acceptance of 100% deferred developer fee. This entire amount of the gap ($1,037,030) is repayable at zero percent within 10 years, however due to the excess DCR discussed above should also be evaluated as potential additional conventional debt. At the same rates and terms as the conventional debt this amount of deferred developer fee plus partnership funds provides a DCR of 1.28 which is within the department guidelines. This calculation ensures that the Department is not over subsidizing the credit amount for the transaction. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee is not available to fund those potential development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, and Property Manager firm are all related entities. These are common relationships for HTC-funded developments. The corporate principal of the General Partner is also committing to provide additional funding to the development to ensure sufficient financing for the development and while this is unusual, it is not prohibited.

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

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Managing General Partner, Summit America Properties Inc., submitted an unaudited financial statement as of December 31, 2004, reporting total assets of $785,517 and consisting of $787K in notes receivable, and a negative net of $1,194 in partnership interests. Liabilities totaled $795,934, resulting in a net worth of negative $10,417.

- The principal of the General Partner, Daniel Hughes, Jr., submitted an unaudited financial statement as of March 30, 2005, and is anticipated to be guarantor of the development already being designated as the "Key Principal" in the loan commitment. Although this financial statement is older than department guidelines allow, a "no material change" statement was issued by Mr. Hughes October 31, 2005.

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/operating expenses/operating proforma are more than 5% outside of the Underwriter's verifiable range.
- 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.

Underwriter:	*Phillip Drake*	**Date:**	November 3, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 3, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623

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	Water Heat, Tras
TC 60%	8	1	1	656	$686	$544	$4,356	$0.83	$73.00	$24.31
TC 60%	16	1	1	663	686	550	8,805	0.83	73.00	24.31
TC 60%	48	1	1	723	686	600	28,804	0.83	73.00	24.31
TC 60%	8	1	1	751	686	613	4,904	0.82	73.00	24.31
TC 60%	12	1	1	768	686	613	7,356	0.80	73.00	24.31
TC 60%	16	1	1	825	686	613	9,808	0.74	73.00	24.31
TC 60%	14	1	1	832	686	613	8,582	0.74	73.00	24.31
TC 60%	44	2	1	870	823	730	32,120	0.84	93.00	25.31
TC 60%	4	2	1	896	823	730	2,920	0.81	93.00	25.31
TC 60%	1	2	1	1,128	823	730	730	0.65	93.00	25.31
TC 60%	2	2	1.5	1,377	823	730	1,460	0.53	93.00	25.31
TOTAL:	173		**AVERAGE:**	788	$726	$635	$109,845	$0.81	$78.90	$24.60

INCOME	Total Net Rentable Sq Ft:	136,378	**TDHCA**	**APPLICANT**		Comptroller's Region	6
POTENTIAL GROSS RENT			$1,318,138	$1,163,244		IREM Region	Houston
Secondary Income	Per Unit Per Month:	$15.00	31,140	45,936	$22.13	Per Unit Per Month	
Other Support Income:			0				
POTENTIAL GROSS INCOME			$1,349,278	$1,209,180			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(101,196)	(108,828)	-9.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			$1,248,082	$1,100,352			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.62%	$333	0.42	$57,607	$44,101	$0.32	$255	4.01%
Management		4.02%	290	0.37	50,201	44,414	0.33	257	4.04%
Payroll & Payroll Tax		13.46%	971	1.23	167,992	127,322	0.93	736	11.57%
Repairs & Maintenance		5.71%	412	0.52	71,272	61,396	0.45	355	5.58%
Utilities		4.30%	310	0.39	53,616	44,241	0.32	256	4.02%
Water, Sewer, & Trash		3.08%	222	0.28	38,411	61,448	0.45	355	5.58%
Property Insurance		2.73%	197	0.25	34,095	39,150	0.29	226	3.56%
Property Tax	2.99125	9.00%	649	0.82	112,349	104,095	0.76	602	9.46%
Reserve for Replacements		4.16%	300	0.38	51,900	43,500	0.32	251	3.95%
Other: compl fees		1.39%	101	0.13	17,400	17,400	0.13	101	1.58%
TOTAL EXPENSES		52.47%	$3,785	$4.80	$654,842	$587,067	$4.30	$3,393	53.35%
NET OPERATING INC		47.53%	$3,429	$4.35	$593,240	$513,285	$3.76	$2,967	46.65%
DEBT SERVICE									
First Lien Mortgage		31.00%	$2,236	$2.84	$386,867	$382,753	$2.81	$2,212	34.78%
Loan from the Partnership		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		16.54%	$1,193	$1.51	$206,373	$130,532	$0.96	$755	11.86%
AGGREGATE DEBT COVERAGE RATIO					1.53	1.34			
RECOMMENDED DEBT COVERAGE RATIO					1.28				

CONSTRUCTION COST							1,173,188.00	$1,064,000	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		60.19%	$29,495	$37.42	$5,102,647	$5,389,000	$39.52	$31,150	64.55%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.43%	1,682	2.13	290,965	290,965	2.13	1,682	3.49%
Direct Construction		9.67%	4,737	6.01	819,455	819,455	6.01	4,737	9.82%
Contingency	5.65%	0.74%	363	0.46	62,768	62,768	0.46	363	0.75%
General Req'ts	5.95%	0.78%	382	0.48	66,071	66,071	0.48	382	0.79%
Contractor's G & A	1.98%	0.26%	127	0.16	22,023	22,023	0.16	127	0.26%
Contractor's Profit	5.95%	0.78%	382	0.48	66,071	66,071	0.48	382	0.79%
Indirect Construction		1.26%	618	0.78	106,981	106,981	0.78	618	1.28%
Ineligible Costs		11.04%	5,409	6.86	935,681	649,328	4.76	3,753	7.78%
Developer's G & A	2.00%	1.14%	560	0.71	96,892		0.00	0	0.00%
Developer's Profit	13.00%	7.43%	3,640	4.62	629,798	808,040	5.93	4,671	9.68%
Interim Financing		0.56%	276	0.35	47,831	47,831	0.35	276	0.57%
Reserves		2.72%	1,333	1.69	230,552	20,000	0.15	116	0.24%
TOTAL COST		100.00%	$49,004	$62.16	$8,477,735	$8,348,533	$61.22	$48,257	100.00%
Recap-Hard Construction Costs		*15.66%*	***$7,673***	***$9.73***	***$1,327,353***	***$1,327,353***	***$9.73***	***$7,673***	*15.90%*

SOURCES OF FUNDS				$7,338,719		RECOMMENDED	
First Lien Mortgage	62.75%	$30,751	$39.01	$5,320,000	$5,320,000	$5,320,000	Developer Fee Available
Loan from the Partnership	3.01%	$1,477	$1.87	255,541	255,541	315,294	$721,736
HTC Syndication Proceeds	28.37%	$13,900	$17.63	2,404,720	2,140,608	1,991,503	% of Dev. Fee Deferred
Deferred Developer Fees	7.35%	$3,601	$4.57	623,040	623,040	721,736	100%
Additional (Excess) Funds Req'd	-1.48%	($726)	($0.92)	(125,566)	9,344	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,477,735	$8,348,533	$8,348,533	$3,176,803

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623

PAYMENT COMPUTATION

Primary	$5,320,000	Amort	360
Int Rate	6.10%	DCR	1.53

Secondary	$255,541	Amort	
Int Rate	0.00%	Subtotal DCR	1.53

Additional		Amort	
Int Rate		Aggregate DCR	1.53

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$386,867
Secondary Debt Service	75,412
Additional Debt Service	0
NET CASH FLOW	$130,961

Primary	$5,320,000	Amort	360
Int Rate	6.10%	DCR	1.53

Secondary	$1,037,030	Amort	360
Int Rate	6.10%	Subtotal DCR	1.28

Additional	$0	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	$1,318,138	$1,357,682	$1,398,412	$1,440,365	$1,483,575	$1,719,871	$1,993,801	$2,311,362	$3,106,278
Secondary Income	31,140	32,074	33,036	34,028	35,048	40,631	47,102	54,604	73,383
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,349,278	1,389,756	1,431,449	1,474,392	1,518,624	1,760,501	2,040,903	2,365,966	3,179,661
Vacancy & Collection Loss	(101,196)	(104,232)	(107,359)	(110,579)	(113,897)	(132,038)	(153,068)	(177,447)	(238,475)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,248,082	$1,285,524	$1,324,090	$1,363,813	$1,404,727	$1,628,464	$1,887,836	$2,188,519	$2,941,186
EXPENSES at 4.00%									
General & Administrative	$57,607	$59,911	$62,307	$64,800	$67,392	$81,992	$99,756	$121,369	$179,655
Management	50,201	51,707	53,259	54,856	56,502	65,501	75,934	88,028	118,303
Payroll & Payroll Tax	167,992	174,711	181,700	188,968	196,526	239,104	290,907	353,933	523,907
Repairs & Maintenance	71,272	74,122	77,087	80,171	83,378	101,442	123,419	150,158	222,271
Utilities	53,616	55,761	57,991	60,311	62,723	76,312	92,846	112,961	167,210
Water, Sewer & Trash	38,411	39,947	41,545	43,207	44,935	54,670	66,515	80,925	119,789
Insurance	34,095	35,458	36,877	38,352	39,886	48,527	59,041	71,832	106,329
Property Tax	112,349	116,843	121,517	126,378	131,433	159,908	194,553	236,703	350,378
Reserve for Replacements	51,900	53,976	56,135	58,380	60,716	73,870	89,874	109,345	161,858
Other	17,400	18,096	18,820	19,573	20,356	24,766	30,131	36,659	54,265
TOTAL EXPENSES	$654,842	$680,533	$707,237	$734,994	$763,846	$926,093	$1,122,975	$1,361,914	$2,003,965
NET OPERATING INCOME	$593,240	$604,991	$616,853	$628,818	$640,881	$702,371	$764,860	$826,605	$937,222
DEBT SERVICE									
First Lien Financing	$386,867	$386,867	$386,867	$386,867	$386,867	$386,867	$386,867	$386,867	$386,867
Second Lien	75,412	75,412	75,412	75,412	75,412	75,412	75,412	75,412	75,412
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$130,961	$142,712	$154,573	$166,539	$178,602	$240,091	$302,581	$364,326	$474,942
DEBT COVERAGE RATIO	1.28	1.31	1.33	1.36	1.39	1.52	1.65	1.79	2.03

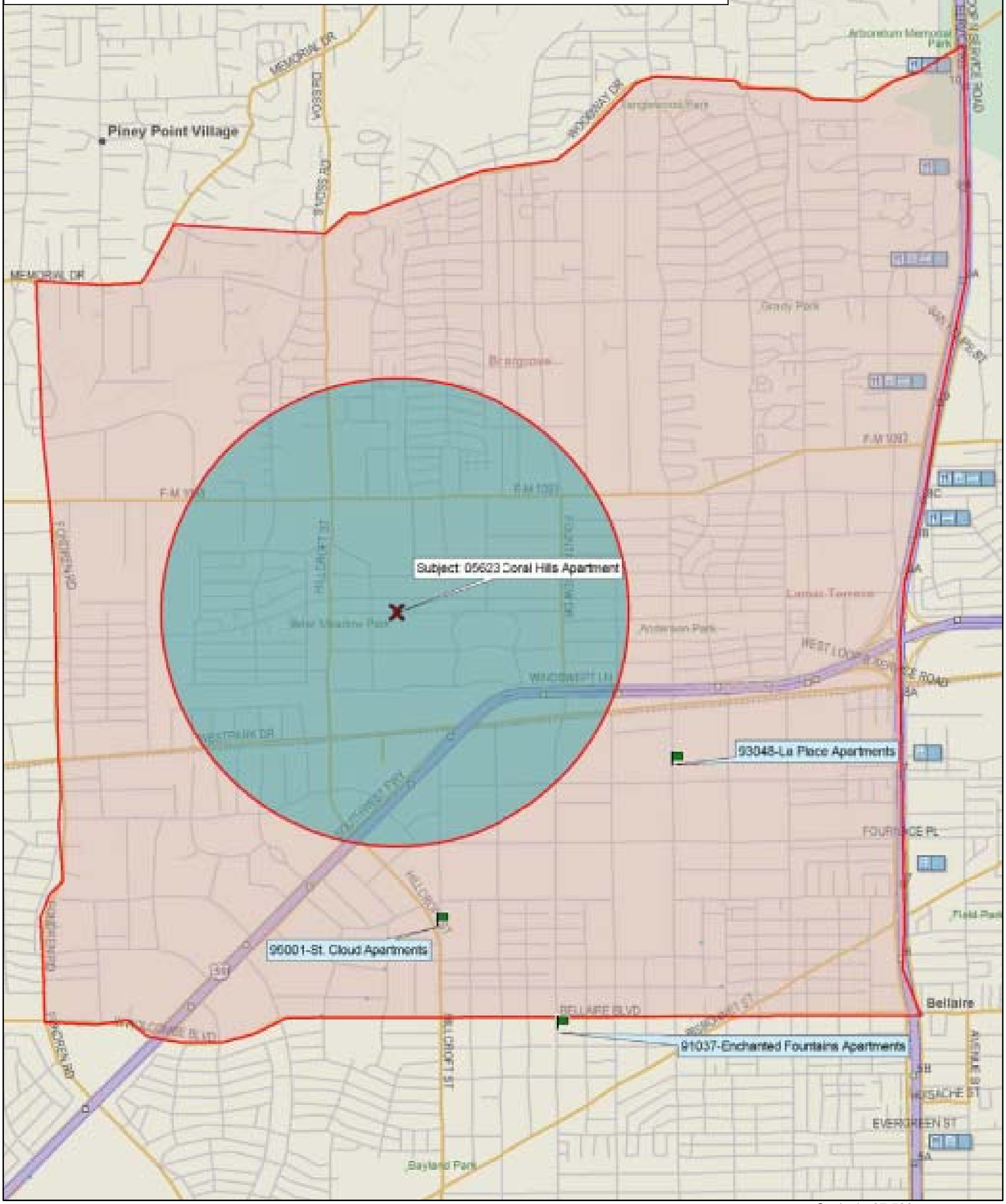
LIHTC Allocation Calculation - Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$1,475,000	$1,740,209				
Purchase of buildings	$3,914,000	$3,362,438	$3,914,000	$3,362,438		
(2) Rehabilitation/New Construction Cost						
On-site work	$290,965	$290,965			$290,965	$290,965
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$819,455	$819,455			$819,455	$819,455
(4) Contractor Fees & General Requirements						
Contractor overhead	$22,023	$22,023			$22,023	$22,023
Contractor profit	$66,071	$66,071			$66,071	$66,071
General requirements	$66,071	$66,071			$66,071	$66,071
(5) Contingencies	$62,768	$62,768			$62,768	$62,768
(6) Eligible Indirect Fees	$106,981	$106,981	$33,028	$33,028	$73,953	$73,953
(7) Eligible Financing Fees	$47,831	$47,831			$47,831	$47,831
(8) All Ineligible Costs	$649,328	$935,681				
(9) Developer Fees			$592,054	$504,366	$215,986	$217,371
Developer overhead		$96,892				
Developer fee	$808,040	$629,798				
(10) Development Reserves	$20,000	$230,552				
TOTAL DEVELOPMENT COSTS	$8,348,533	$8,477,735	$4,539,082	$3,899,832	$1,665,123	$1,666,508

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		$4,539,082	$3,899,832	$1,665,123	$1,666,508
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$4,539,082	$3,899,832	$2,164,660	$2,166,460
Applicable Fraction		100%	100%	100%	100.00%
TOTAL QUALIFIED BASIS		$4,539,082	$3,899,832	$2,164,660	$2,166,460
Applicable Percentage		3.53%	3.53%	3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$160,230	$137,664	$76,412	$76,476
Syndication Proceeds	**0.9300**	**$1,490,135**	**$1,280,276**	**$710,636**	**$711,227**

Total Credits (Eligible Basis Method)	**$236,642**	**$214,140**
Syndication Proceeds	**$2,200,771**	**$1,991,503**
Requested Credits	**$268,660**	
Syndication Proceeds	**$2,498,538**	
Gap of Syndication Proceeds Needed	**$2,713,239**	
Credit Amount	**$291,746**	

Coral Hills Apartments



Scale 1 : 37,500

1" = 3,125.0 ft   Data Zoom 12-4

TN

MN (4.0°E)

Applicant Evaluation

Project ID # **05623** Name: **Coral Hills** City: **Houston**

LIHTC 9% [ ] LIHTC 4% [x] HOME [ ] BOND [x] HTF [ ] SECO [ ] ESGP [ ] Other [ ]

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

National Previous Participation Certification Received: [ ] N/A [x] Yes [ ] No

Noncompliance Reported on National Previous Participation Certification: [ ] Yes [x] No

Portfolio Management and Compliance

Total # of Projects monitored: 0

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

in noncompliance: 0

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

monitored with a score less than thirty: 0

not yet monitored or pending review: 0

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 10/26/2005

Multifamily Finance Production

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

Reviewer Audrey Martin
Date 10/19/2005

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 10/19/2005

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
Date

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 Stephanie A. D'Couto
Date 10/26/2005

Executive Director: ____________ **Executed:** ____________

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Coral Hills Apartments

Public Hearing

Total Number Attended	19
Total Number Opposed	15
Total Number Supported	3
Total Number Neutral	3
Total Number that Spoke	1

Public Officials Letters Received

Opposition	0
Support	1
City Council Member Gordon Quan	

General Public Letters and Emails Received

Opposition Total	0
Support	1

Summary of Public Comment

1 Good opportunity for the families that already live in the property as well as the surrounding area.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CORAL HILL APARTMENTS

PUBLIC HEARING

Cafeteria
Pilgrim Elementary School
3315 Barrington Street
Houston, Texas

Thursday,
October 20, 2005
6:00 p.m.

BEFORE:

SHANNON ROTH, Multifamily Housing Specialist
ROBBYE G. MEYER, Multifamily Bond Administrator

SPEAKERS:

Blake Brazeal

P R O C E E D I N G S

MS. ROTH: My name is Shannon Roth and I'm with the Texas Department of Housing and Community Affairs, and I'm here to discuss with you the property of Coral Hills Apartments.

First I'd like to explain a few of the programs that the developer has applied for. One is the Private Activity Bond Program and the other is the Housing Tax Credit Program. Both were created and encouraged by the federal government to encourage private developers, private industry to build, acquire, rehabilitate, manage and own affordable housing properties.

For the Tax-Exempt Bond Program, the exemption on the bonds is not a property tax exemption. That is an exemption to the bond purchaser on the investment.

What it does is it allows the bond purchaser to accept a lower rate of return on the bonds because he won't be paying income tax on the investments which then allows the lender to charge a lower interest rate to the development which allows the developer to build a higher-end product for a lower cost.

The Housing Tax Credit Program basically puts an instant shot of equity into the property which allows for lower rents to be charged to the tenants. It is

monitored by our department for 30 years and we monitor for the income restrictions with the tenants as well as the physical appearance of the property, and we also do financial audits on the property.

We have some representatives from the developer here this evening, and I'm going to have them come up and just give you a brief presentation on the property. If you have any questions for them, they can answer those for you, and then we'll actually get the hearing started.

If you'd like to come on up, please? And if you could just state your name for the record, I'd appreciate it.

MR. BRAZEAL: Blake BRAZEAL. I'm with Summit Asset Management, and we're located in Montgomery, Alabama.

We're excited about the property and what we're going to be doing to it. We're going to be injecting roughly $1,250,000 into improving the property. We're going to be improving the parking facilities, the parking lot, the outside facade, interiors of the property, and providing a better living condition for the residents.

In addition, we own 60 properties around the southeast and southwest, and one of our things that we pride ourselves on are the after-school activities, the things that we provide to our residents that most developer don't provide to residents.

We have people on our staff that come in and evaluate the residents, what they want, what they would like to see in the property, and it's one of the first things we do. So our idea of taking and buying a property is to improve it, and we're excited about this property. We think it would be good, it will improve the asset, will improve the appearance of it, and that's our game plan.

If there's any questions you'd like to ask, I'll be happy to answer them.

MALE SPEAKER: What's the exact location of the development?

MR. BRAZEAL: It's on Barrington -- what's the name of the road? Beverly Hills Road.

MALE SPEAKER: Which side, our side over hear, the west side?

MR. BRAZEAL: Your side, what's your side?

MALE SPEAKER: We're at 6500.

MR. BRAZEAL: Sixty-three. I apologize, I'm not from Houston. I know the property and the area.

MALE SPEAKER: It's the existing property. Right?

MR. BRAZEAL: Yes, correct.

MALE SPEAKER: Across from Lee High School.

Sir, after the improvements are completed, do you expect the overall rent structure to increase as a result of the higher quality property?

MR. BRAZEAL: Do you want to address that?

MS. ROTH: Well, there will be maximum rents that the developer can charge.

MALE SPEAKER: Why is that?

MS. ROTH: That's part of the Housing Tax Credit and the Bond Program to keep it as an affordable property. All of the units -- let me just give you a little example -- all of the units are going to be for families who are at 60 percent of the area median family income for your area. For the city of Houston, that would be $61,000. So for example, a family of three could earn no more than $32,940 to live in the property.

MALE SPEAKER: No more than?

MS. ROTH: That is correct, that would be no more than.

For a one-bedroom unit, the maximum rent that could be charged would be $686, and for a two-bedroom unit it would be $823.

FEMALE SPEAKER: How is that property being used right now? How would this change the use of it?

MR. BRAZEAL: Not appreciably. And one thing that I want to state to you, we're not going to be moving residents out that are already in there. There won't be people in there and they so-called over-qualify and we're going to be putting them out, that's not what we do, that's not our game plan, we're not in the business of moving residents.

MALE SPEAKER: What is the occupancy? Is it 60 percent occupied right now?

MR. BRAZEAL: At the current time when we went under contract it was 58 percent occupied. Now, there has been some Katrina evacuees accepted, 36 units, I believe it is.

MALE SPEAKER: What's the total?

MR. BRAZEAL: 174 units.

MALE SPEAKER: So you guys have got about 90 units leased right now, you've got more in from Katrina. How much of this is going to be extremely low, 30 percent of median income? That's $18,000 a year income.

MR. BRAZEAL: None at that; it's 50-60.

MALE SPEAKER: Is there a requirement from these bonds that you have to hold the property for a certain period of time, or can you refinance, dress this thing up, and turn around and sell it?

MR. BRAZEAL: It's a 15-year hold.

MALE SPEAKER: You've got a 15-year hold; you guys are in this for 15 years?

MR. BRAZEAL: We have not gotten out of any bond deal that we've done early, none.

MALE SPEAKER: Where else do you develop? You said you have 60 properties.

MR. BRAZEAL: We are in Alabama, Mississippi, Georgia, Florida, South Carolina, Texas, and Tennessee -- excuse me -- we just went into Tennessee.

FEMALE SPEAKER: I'm a little confused. If they have to not make over a certain amount, how can you get around not moving them out if they're already in there?

MR. BRAZEAL: Because what was explained earlier as far as tax credits and bonds, tax credits provide equity to the property. When we declare a property, we may declare it at 100 percent tax credit, 90 percent tax credit. We go in and we address and we look, in our due diligence, how many of the residents over-qualify, and instead of moving them out during the development phase, it would be an economic hit to us because we won't be able to acquire as much equity, so we just take the economic hit on it.

MALE SPEAKER: How many of your 60 properties fall into these guidelines?

MR. BRAZEAL: Under these guidelines? Let's see, probably out of the 60, 15-20, in that range.

MALE SPEAKER: And why is that property attractive to you and what do you expect to achieve? What does your corporation -- I mean, obviously profit, but I'm saying why this property.

MR. BRAZEAL: We like Houston, we think it's a great city to be in, and we like the demographics, we like the area that it's in, and we like the asset in general. We look at the asset. I mean, I liked it from the minute I saw it and everybody in our company did too. We thought it would fit into this plan and we thought we could improve it and make it a better asset. There's a lot of factors that go into it when we're looking at it, not just the profit side of it, for us.

FEMALE SPEAKER: Can you be a little more specific on what actually you will improve?

MR. BRAZEAL: We're going to improve parking, we're going to improve the covered parking in the facility; we're going to do the parking lot, overlay the parking lot; we're going to put in new fencing, we're going to do the units that need amenities such as

cabinets, flooring; we're going to do some outside facial amenities to it too that I think will dress up the property. The property doesn't need a lot of amenities in terms of landscaping.

But we just go in and we do a general needs assessment, we have a construction group that comes in, an also during construction we may run across something that we think needs to be done, and we're putting a significant amount of money into this property.

MALE SPEAKER: What are the rents? Is there going to be a drop in the average rent from where it is under the previous owners to when you guys have these bonds issued? How much does that drop?

MR. BRAZEAL: What's the percentage rent drop?

MALE SPEAKER: Three percent, it's roughly 3 percent rent drop.

MR. BRAZEAL: Three percent; it's not appreciable.

MALE SPEAKER: It's just the bonds, it just helps you guys financing.

MR. BRAZEAL: I understand you being here. There's kind of a misconception sometimes when you hear the terminology, and what the bonds and the tax credits do is really allow someone like us not to come in and change

the makeup of the property. I mean, we're not trying to come in there and clean the property out and put someone else in. I mean, we talk about profits, that's no good for us.

So what it allows us to do is really improve the asset of the property. That's what we're using the tax credits for. We're not putting money in our pocket, we're putting the money into the property.

MALE SPEAKER: This is not coming out to you? This is not funds that are being withdraw, you're keeping the equity in the company?

MR. BRAZEAL: The equity is going in.

MALE SPEAKER: Would you be excited if I was building one of these in Montgomery a mile from your house?

MR. BRAZEAL: Listen, what we're doing, it would not bother me one bit, because what we're doing to that asset is not depreciating the asset, we're putting money into the asset. There's a 3 percent rent drop; we're not changing the clientele. If you look at the breakdown of the incomes in Houston and who would qualify for this, it is across the board in occupations. That's something that would be very informational for you that we look at too is who qualifies, what the average salaries are in Houston and who would qualify.

MALE SPEAKER: If that's the case, why not improve the property by raising the rents --

MR. BRAZEAL: Well, for a developer that's a tough thing to go into too. I mean, there's a lot of developers in Houston and in other cities in America that go in with a goal of improving the rents, and that's not our strategy when we go into one.

MALE SPEAKER: But you said only about 20 of your properties are lower income, so it must be your strategy on the others.

MR. BRAZEAL: No, not necessarily. He was asking for the breakdown in terms of the median incomes and how many are structured in this general range. Most of our properties, we've got other kinds of properties, not just a tax credit/bond type set up.

MALE SPEAKER: Do you have a maximum capacity per person per unit?

MR. BRAZEAL: A maximum that they can make?

MALE SPEAKER: Yes.

MR. BRAZEAL: Yes, that's what we're explaining.

MALE SPEAKER: I didn't get that.

MR. BRAZEAL: It's one person, two persons, three persons who's in a unit, and it's 50-60 percent of the median income of Houston which is $61,000.

MALE SPEAKER: [Indiscernible].

MR. BRAZEAL: That's a great question, and we're not going to allow eight people, ten people to be in an apartment. I mean, you can't do it that way.

MALE SPEAKER: How can you enforce that?

MR. BRAZEAL: You walk in and you qualify people. We have to qualify these people.

MS. ROTH: And we do monitor that. Per HUD, you can only have two people to a bedroom, and when our Compliance Monitoring Division goes out, as I mentioned, that is something that they monitor for, they do look into that.

MR. BRAZEAL: And we don't want that.

MALE SPEAKER: You have on-site security?

MR. BRAZEAL: Yes, absolutely, and I'm glad you brought that up. We do have on-site security on our properties.

MALE SPEAKER: Cameras?

MR. BRAZEAL: Security cameras.

MALE SPEAKER: [Indiscernible].

MR. BRAZEAL: It depends on the property, after we get in and assess what we need to do.

MALE SPEAKER: I understood -- and this may be incorrect -- I understood that there was a percentage of the units that might be considered subsidized housing. I believe from what you just told me, that all tenants are required to meet the same criteria in all 174 units. Is that correct? I understood that there was a possibility that a percentage of the units would be reserved for very low income.

MR. BRAZEAL: No.

MALE SPEAKER: So everybody has to meet the exact same criteria?

MALE SPEAKER: There is a disability set-aside, though, isn't there, a small disability set-aside?

MR. BRAZEAL: Disability units?

MALE SPEAKER: Yes.

MR. BRAZEAL: Five percent.

FEMALE SPEAKER: I was first brought to be aware of this situation and was told this was going to convert from whatever it was now to low-income subsidized housing, and what I'm hearing you say is you're taking the property across the street from Lee that's pretty rundown, fixing it up, making it look nicer, and that's about all there is to it.

It's not that you're adding more apartments, it's not that you're bringing in more people, it's not that we're bringing in poorer families, it's the same families we already have, it's just making it a nicer place.

MR. BRAZEAL: The only difference that I would say is that the people that are in there right now that may not meet this income criteria -- which we've laid out which if you look at who meets that in Houston, there's a lot of occupations that meet that income criteria -- those people, we're not saying we'll see you later.

FEMALE SPEAKER: So you're grandfathering them.

MR. BRAZEAL: A lot of developers do move people out, frankly, but we've never done that and that's not our plan. What it will do is it can limit who can move into it based on their income.

FEMALE SPEAKER: So they could make too much money to live there?

MR. BRAZEAL: Correct. Now, that's what it could do.

FEMALE SPEAKER: That little edge line there, we're trying to bring in strong, single-family developments.

MR. BRAZEAL: But I think where you've got the tie-in is that if you look at the incomes in the city who can qualify for this, you're not bringing in people like you're alluding to because the incomes that can qualify are good occupations.

FEMALE SPEAKER: They still have to pay the rent, I understand.

MR. BRAZEAL: They're paying the money, the government is not paying for it. When you say government-subsidized.

MALE SPEAKER: It's to do with the financing, it's not to do with who's paying the rent.

FEMALE SPEAKER: So that would be different.

MR. BRAZEAL: Correct.

MALE SPEAKER: I asked the same question of Robbye last week, subsidized housing in Section 8, and she gave me a pretty good explanation of it.

MS. MEYER: My name is Robbye Meyer, manager of the Multifamily Division for the Texas Department of Housing.

Where you're getting the subsidized housing, and there is a misconception wit the Tax Credit Program and also the Private Activity Bond Program. If you actually look in the IRS Code, the Housing Tax Credit Program says Low Income Housing Tax Credit Program, so that's where you're getting that part, and a lot of people misconstrue that definition as Section 8 housing, project-based assistance, public housing.

This development, they are going to come in, they're going to purchase this development, they're going to rehabilitate this development with the two programs that Ms. Roth explained, under the Tax-Exempt Bond Program and under the Housing Tax Credit Program. The income restrictions are being restricted by those two programs.

As Ms. Roth explained, the federal government, because of all the cuts in housing that the federal government has made over several many years, they had to come up with another way to build affordable housing for lower income people and still be able to provide them with housing but kind of back out of the housing industry.

So what they did was devise these two and created these two programs to incentivize the private developers, and private industry as far as lenders, to come in and build affordable housing, manage it, and own it. So the federal government and the project-based housing that you're used to thinking of as Section 8 projects, I don't want that in my backyard kind of thing, that's going away because it's now in the hands of private industry.

So that's the misconception. The Low Income

Housing Tax Credit Program, that's the name of it. Now, we've tried to get away from that name so people won't misconstrue us with Section 8 project-based housing.

FEMALE SPEAKER: That helps a lot.

MS. MEYER: I think I've answered your question.

And what he's saying as far as the income bands, and there's a realm of employment, they could be in different types of employment to be able to live here, and I understand your concern of you want higher income people coming in. A major positive on these properties is that it is privately managed, you are going to have somebody on site. He's telling you that he's going to have security on site, and half the battle is whoever that management company is and how that property is being managed. So I think you'll be a lot more positively influenced once you see that happen.

Yes, sir?

MALE SPEAKER: You're with the state. Is that correct?

MS. MEYER: Yes, sir.

MALE SPEAKER: What does the state get out of this, anything?

MS. MEYER: The state is issuing the bonds, and

there's administration fees that we would get out of it that are minimal, compared to what's being done.

MALE SPEAKER: And you're basically following the federal guideline and you're basically required to offer this opportunity from the federal level?

MS. MEYER: That's correct. The funds all come from the federal level, and again, it's a tax incentive. And to try to give you an explanation of how that actually works, it's a lot like you and I taking a tax deduction on our income tax return.

And one of the major CPA firms within the country, Novogradac -- I don't know if any of you know who that is -- they have made estimates for the year 2008 -- and I'll just kind of give you a brief little snippet that you can take back -- for the multifamily divisions for housing tax credits the incentives that are actually done by the federal government, and this is through the year 2008, they expect that to be in the range of about $47 billion.

Now, if you look at it on the single-family side where you and I are taking our tax advantages on our income tax, that's $542 billion. So there's a huge difference. When you look at it in those kind of aggregate numbers, this type of financing is a very small piece of the lost revenue that would go to the IRS as a federal subsidy. And that's where that subsidy comes in, that's just a word.

MALE SPEAKER: Is there any restrictions placed upon the developer for kicking people for not paying their rent?

MS. MEYER: He has to abide by the laws and Fair Housing and all that. As far as our monitoring, we will come in and make sure that the tenants that are there qualify to live there. He can't have somebody come in that is over that income band; that is against the program rules.

MR. BRAZEAL: And I'll answer no, what he's asking.

MALE SPEAKER: I just don't want delinquent people on the property and you can't kick them out because of the bond structure.

MR. BRAZEAL: No.

MS. MEYER: There's not a restriction on that, not at all.

MR. BRAZEAL: Absolutely not.

MALE SPEAKER: Does the state assist in finding residents to live in this project?

MS. MEYER: No, sir.

MR. BRAZEAL: We've got a market that they go out and find people.

MS. MEYER: Again, it's privately owned. The only thing the state is in for is to make sure that they're abiding by the program and to make sure that the property is kept in reasonable condition.

MALE SPEAKER: So unless you do a good job and have a nicer apartment complex, there's no guarantee it will be more than 58 percent occupancy after it's completed.

MR. BRAZEAL: When we come into it, we take a financial risk. We've got to get people that qualify to live in it, and we have a pretty rigid qualification. We run credit checks on people, they fill out apps, just everyone at any other apartment complex does in town. And it doesn't do us any good to put people in there that can't pay the rent and we've got to move them out.

MALE SPEAKER: You've made efforts to make a distinction between the HUD project housing and this type of housing, but aren't the same people that are in HUD project housing the same people that would qualify for your type of housing?

MS. MEYER: Not necessarily.

MR. BRAZEAL: No.

MALE SPEAKER: And I know the difference between the public-run housing and the privately-run housing and I understand that, but you're going out to the same market primarily.

MS. MEYER: No, not exactly. There are certain criteria that they have to meet in order to live here. Now, I think part of what your question is can a Section 8 voucher holder or a Housing-Choice voucher holder move in this complex. The answer to that question is yes. Under Fair Housing, if you had a tenant that came in and applied and met all the criteria that any other tenant would have to abide by and they qualified for that, even though they've got a Housing Choice voucher -- which is assistance from HUD and the federal government -- they could not say no. And I think that's part of where you were headed with that question.

MALE SPEAKER: But neither can the current owners.

MS. MEYER: That's happens in market-rate properties too.

MALE SPEAKER: But if you're marketing to a certain type or group of people, that's more the question. The same people that try to get into HUD project housing are the same people who would qualify.

MS. MEYER: Most of the tenants that would live in public housing have more federal assistance than just that housing, so you're talking a majority of them -- and I'm not saying they don't work, I'm not going to throw that out, I'm in affordable housing, don't let me say that -- but it is a different clientele. The tenants that they are going to be marketing to are actually jobholders and that helps them.

And as was mentioned, the supportive services that they give, the after-school care, with affordable housing, that's part of the package. Affordable housing that TDHCA is involved with, it is a package deal, it's not just putting a roof over somebody's head and giving them a little bit lower rent. The supportive services is a major piece of that package and it helps to improve the lives of the individuals that live there.

A lot of them have tutoring classes for adults. A lot of the language, English as a second language, they teach in their classes. This one, as he already told you, they're going to have after-school care and tutoring. That is only going to help this school, the children that will be going to this school or the high school or the junior high. They're going to be helping the children that live on the property and they're going to improve their lives.

So affordable housing, the way that we do it, not on project-based things, but the way that we support as the state, it's a package deal, and that's what we try to impress upon the communities that we come into.

I hope that eased your mind a little bit.

MALE SPEAKER: Not necessarily but it explained to me what it is.

MALE SPEAKER: Is income level the only criteria you look at? Are there any other documentation required?

MR. BRAZEAL: We look at the person's past payment history, how they've paid, just like any other apartment complex. We've got a compliance group that's in Birmingham that looks at credit applications, approve or deny based on we get landlord references, we go the whole nine yards. Somebody doesn't just show up and get into one of our properties.

MALE SPEAKER: As far as the state requirements, for example, citizenship, things that like, is that a requirement or not. Or can you even ask about that?

MR. BRAZEAL: They don't have any requirements.

MS. MEYER: The programs don't.

MR. BRAZEAL: We do have to have citizenship papers.

MALE SPEAKER: I came in late, but what's your policy on criminal history, misdemeanors, sex offenders, felonies?

MR. BRAZEAL: We have an extensive -- we're set up with a credit bureau system that runs criminal histories, and I don't want to say -- misdemeanors, felonies would generally not get you a place in our properties, obviously felonies won't, but we take into account credit, criminal history and everything just like any other property, and if you've got a felony, you're not getting in, period. We're on a database that can pull up in the state of Texas people's histories.

I am as sensitive to that as you all. It does not do me any good or anybody who works for us to put people in that can't pay their rent or are going to cause problems. I mean, it just doesn't. I mean, I'm very sensitive to that.

FEMALE SPEAKER: Can you address the after-school program?

MR. BRAZEAL: Yes. What we do is we keep a chart of all our properties and their different after-school programs, and I could have brought it and shown you what we do in each property. What we do is go in and address, when we first come in, and we try to find out from the residents what they would really like, what would they like to see in a property like this. And that's one thing that excites us, there's really not that they're offering.

A typical after-school program is we have a community room where kids can come and read, learn to read, play. In Houston we're looking at forming an alliance with a group that might provide that after-school program for us. We have resident meetings, we have community newsletters, we do all the things that most apartment complex and market apartment complexes do.

And it's been great for a lot of kids that I've seen to have things to do after school instead of coming home and not having anything to do. And that's something we really do attempt to back up, and it's also a function, frankly, of the manager and the people that you have on the grounds, but we stay on top of it, we've got people assigned to monitor it.

MALE SPEAKER: Are you a public company or private?

MR. BRAZEAL: Private.

FEMALE SPEAKER: I've lived on this side of town my entire life and I know there are some really appetizing properties on the other side of town. So I'm still a bit curious as to why this [indiscernible].

MR. BRAZEAL: To you? Well, obviously a nice-looking structure. From your standpoint, I think if we go in and do what we're going to do, it's going to create, I think, residents that pay their rent, it's going to create a better dynamic for the whole area, hopefully it lowers crime. It does all those things for you guys.

For us, yes, there is a lot of property in Houston and we're looking at it. This is one that just happened, after we analyzed it and analyzed it and looked at it and looked at the model, we thought it was a good asset and a good thing for us to buy.

MALE SPEAKER: You said you have about 20 properties -- is that right -- that fall under this guideline. What's the average occupancy rate of those properties?

MR. BRAZEAL: The average occupancy rate in our whole portfolio -- which would be a good way, probably, to put it -- is about 94 to 95 percent.

MALE SPEAKER: Do you have an idea of the properties similar to these in other areas, what the appraised value is year over year, percentage-wise?

MR. BRAZEAL: What it's done to the tax rolls? You're talking about for the real estate portion of it or for the single-family homes?

MALE SPEAKER: Well, whatever properties that you have --

MR. BRAZEAL: How it's appreciated in value? I couldn't give you an exact percentage on it. I do know that normally when we take over, the tax roll assessment goes up. I know that in a lot of instances.

MALE SPEAKER: And there is no property tax abatement credit, this is just tax credits on the financing? This is not Harris County giving money back?

MR. BRAZEAL: Absolutely not, there's no tax abatement.

MALE SPEAKER: Where are some of your other Texas properties located?

MR. BRAZEAL: We've got two others here in Houston. One is in The Woodlands and one is down by Hobby Airport.

MALE SPEAKER: Did you bring any pictures of those?

MR. BRAZEAL: No, I didn't. I'd be happy to supply them.

FEMALE SPEAKER: Can you tell us what the names of those properties are?

MR. BRAZEAL: One is Villa Americana and the other is Fawn Ridge, that's in The Woodlands.

MS. MEYER: There's a packet of information over here, if you would like to have it, and it has all the information on how to contact me with the agency.

And he just told me that he'd be glad to supply pictures of those properties. If you can just e-mail me, we'll try to get them and I can send them back to you and you can see those properties without having to drive all the way over if you don't want to do that.

My e-mail address and also our website and everything is on that information sheet.

FEMALE SPEAKER: This is asking you to probably shoot yourself in the foot. But I've lived here for 32 years and I remember when that was a really decent looking neighborhood across Richmond and they let those deed restrictions run out and everybody was going to make money and it was going to be a great deal, except the city came in and slapped a moratorium on any rebuilding over there above one level for five years, and then they did five more years, and it turned into a nightmare of gun shots, rapes, murders, and property values in this part of town plummeted and went down.

I want you to tell me what can go wrong with your program, because nobody expedited for the city to slap a moratorium and crate a nightmare situation which has 16 to 18 years to bring these property values back up again, and everybody who has lived here for a very long time is very concerned about the same thing happening again.

I have nothing against the people that you want to provide housing for. I have concern about what's going to happen if something goes wrong, because it's going to go wrong.

MR. BRAZEAL: I think you need to realize what we said was the decrease in rents compared to what is being rented right now over there. It's not an appreciable amount. And I guess you're insinuating that if we put these people in, it could turn into shooting and --

FEMALE SPEAKER: I'm saying what can go wrong.

MR. BRAZEAL: Well, obviously what can go wrong is if we don't manage the property, and if we don't do the credit checks and we don't do what we need to do in putting the right kind of people in there.

But if you listen the whole thing, we have an economic stake to do that, we're making a financial commitment to this, it's not someone giving us money, it's not someone that we don't have to pay back.

FEMALE SPEAKER: So if the city did something to, for some reason, make this more difficult than you were expecting, you would fight it because of you're investment.

MR. BRAZEAL: Yes, exactly.

MALE SPEAKER: It's not beneficial for anybody for this thing to not work.

MR. BRAZEAL: I mean, we're not coming in here making our money on the front-end and then walking away. We can't do that.

MALE SPEAKER: I can't tell you what's going to happen not just in this community but in this area over the next ten years. But I can tell you for you to get inside this property, you have to live there. It's going to be a gated community, we're going to have security cameras, we'll have security personnel there. We can let you know for sure that crime will be reduced in our community.

MR. BRAZEAL: And we chart that on our communities, we chart police reports, and I can tell you it has been reduced in most of our communities that we come into that are far more of a challenge that Coral

Hills for us.

MALE SPEAKER: Of the complexes you've built, how many have you sold, or the ones that you've built, have you retained all of them?

MR. BRAZEAL: In ten years we have sold one property, and that was recently and it was a property in Dalton, Georgia that the junior college came to us and wanted it for housing, and it was a deal that we sold. But that's the only one that we have sold.

MALE SPEAKER: How many have you built in ten years?

MR. BRAZEAL: From ground up?

MALE SPEAKER: Yes, sir, like this property.

MR. BRAZEAL: Oh, like this one? Most of ours are similar to this in that they're rehab properties. We have built about three or four and that was in the early stages of the company, and frankly, we really don't like that.

FEMALE SPEAKER: You stated you charted the crime stats. Do you chart just the crime stats in your community or do you chart the surrounding community of the development, and if you do, can we see some of those?

MR. BRAZEAL: I don't chart the surrounding developments.

FEMALE SPEAKER: You just chart yours?

MR. BRAZEAL: I chart the cost to my community.

FEMALE SPEAKER: Can we see those studies?

MR. BRAZEAL: I can send you the ones that we get. Frankly, it's an interesting thing, we can't get all the police reports. Some police departments in some cities won't give them to us, we can't get them, but the ones we can, I can certainly send them to you.

MALE SPEAKER: Have you been in this property obviously several times?

MR. BRAZEAL: Yes.

MALE SPEAKER: You've been in the units that are occupied?

MR. BRAZEAL: Yes.

MALE SPEAKER: And you've been in units that are unoccupied?

MR. BRAZEAL: Yes, I have.

MALE SPEAKER: What is the general state of the property at this point? Everything that you've described to me, I see as cosmetic, the repairs that you're talking about making are cosmetic changes and parking lot improvements which I understand obviously if you make changes in the parking lot, you have to do upgrades to that parking lot to meet the codes and things.

I'm just curious -- and again, I appreciate your letting us talk to you -- what is it going -- I'm not sure what it's going to accomplish. Are the units that exist now, are they filthy, are they torn up, are walls broken out? How bad is it?

MR. BRAZEAL: I don't think the property on the exterior is in bad condition at all. Some properties we've had to put more on the inside than the outside. Here it's just spotty in some of them. Obviously it's 60 percent occupied, so you've got some units that haven't been lived in in a while and haven't been turned, so you do have to go in and provide finish-out on those. It's across the board on this, it's kind of mixed: there's some that need some cabinets, some that need some flooring.

We've bought them before and we've renovated 218 units, the inside of them. So the inside of them has not been an issue. But I do think the outside of it, we're having to put roofs on -- I may not have mentioned roofs but that's another thing we're having to do, and the covered parking.

And some of these things you say they may not be big things to you but they are big-ticket items that we have to do for lenders, for everybody.

MS. MEYER: If there's no other questions, we're going to go ahead and start the hearing itself. If you would like to speak, if you want to actually make public comment -- which I encourage any of you to do -- there are witness affirmation forms over here, and if you could fill one of those out for me, I'd appreciate it.

And actually, there's a sign-in sheet over here too just so we can kind of get a count of who was here and what your position is. You can check whether you oppose or you support or not check it at all and it would be a neutral consideration.

But if you would like to make public comment, I would ask you if you would fill out a witness affirmation form and Ms. Roth will call your name here in a second. She is going to read a brief speech that we have to do for our legal purposes for the hearing, and we will open it up for public comment at that point.

PUBLIC HEARING

MS. ROTH: Good evening. My name is Shannon Roth and I'd like to proceed with the public hearing. Let the record show that it is seven o'clock, Thursday, October 20, 2005. We are at the Pilgrim Elementary School, located at 3315 Barrington Street, Houston, Texas.

I'm here to conduct a 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 his 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 the transaction on November 10, 2005. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. The department staff will also accept written comments from the public up to 5:00 p.m. on October 28, 2005.

The bonds will be issued as tax-exempt multifamily revenue bonds in an aggregate principal amount

not to exceed $8 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 "Issuer".

The proceeds of the bonds will be loaned to Coral Hills Apartments, Ltd., or a related person or affiliate entity thereof, to finance the acquisition and rehabilitation of a multifamily housing development described as follows: a 174-unit multifamily residential rental development to be constructed on approximately 4.33 acres of land located at 6363 Beverly Hill Street, Harris County, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a related person or affiliate thereof.

I'd now like to open the floor to public comment, and I'm guessing no one would like to make any public comment at this time?

Did you want to make a comment at this time?

MS. KEEL: Well, I meant to, but after you spoke, I felt that wasn't an issue. I grew up here, I went to Lee. The apartments that are across the street, when I grew up, that's where my friends lived.

But for him to come in or for a company to come in and to refurbish it and secure it and screen it and put in some light, put in some money, it will actually be better for those families, the schools and our neighborhood because then the kids won't be on the street looking for trouble. I like this plan. Never mind.

MALE SPEAKER: Can I just suggest to her -- and believe me, I'm not trying to influence one way or another -- but if that is the way you feel that you allow that to be your public comment because the board is going to pick this up and look at it.

MS. ROTH: Right, exactly.

MS. KEEL: I'd like to put that in writing.

MS. ROTH: That would be excellent. And one of my cards is on the table and you could send that to me e-mail, fax, mail, however you'd like to do that, that would be excellent.

MS. KEEL: This is you?

MS. ROTH: Yes, ma'am.

MS. KEEL: I'm Tricia Keel.

MS. ROTH: Tricia Keel. So let the record show at this time there are 25 members present in the audience and none of them wish to make official public comment, therefore, the meeting is now adjourned and the time is 7:03 p.m. Thank you.

(Whereupon, at 7:03 p.m., the public hearing was concluded.)

C E R T I F I C A T E

IN RE: Coral Hill Apartments Public Hearing

LOCATION: Houston, Texas

DATE: October 20, 2005

I do hereby certify that the foregoing pages, numbers 1 through 40, 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.

10/28/2005
(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

REQUEST FOR BOARD ACTION
Multifamily Finance Production

Private Activity Bond Program – Waiting List

2 Priority 2 Applications
6 Priority 3 Applications
8 Total Applications Received for 2005 Waiting List

2 Priority 3 Applications for 2006 Waiting List

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Inducement resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 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 eight (8) applications and 2006 Private Activity Bond Program for two (2) 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 $300 million is still available for the 2005 program year as of October 24, 2005. This will be the final opportunity for applicants to apply for a 2005 allocation through TDHCA

Inducement Resolution 05-088 includes eight (8) applications that were received by October 3, 2005. These applications will be added to the 2005 Waiting List. These applications will reserve approximately $77.2 million in 2005 state volume cap. The Department currently has seventeen (17) applications previously approved for the 2005 Waiting List, fifteen of which have received reservations.

Inducement Resolution 05-089 includes two (2) applications that were received by October 3, 2005. These applications will reserve approximately $17.6 million in 2006 state volume cap. These applications will be the first applications for the 2006 program.

Each application was reviewed, scored and ranked according to the Department's published scoring and threshold criteria. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the appropriate Waiting List.

<u>The Park at Oak Grove Apartments</u> – (2005) The proposed development will be located at 1029 Oak Grove Road, Fort Worth, Tarrant County. Demographics for the census tract (1059.00) include AMFI of $29,501; the total population is 7,524; the percent of population that is minority is 90.91%; the number of owner occupied units is 783; the number of renter units is 1,357 and the number of vacant units is 198. (*)

<u>The Residences of Sunset Pointe Apartments</u> – (2005) The proposed development will be located at 5500 Sycamore School Road, Fort Worth, Tarrant County. Demographics for the census tract (1055.10) include AMFI of $69,507; the total population is 3,722; the percent of the population that is minority is 38.96%; the number of owner occupied units is 778; the number renter occupied units is 786 and the number of vacant units is 77. (*)

<u>Bella Vista Apartments</u> – (2005) The proposed development will be located at Eastside of N. Grand Avenue and North of US 82, Gainsville, Cooke County. Demographics for the census tract (9905.0) include AMFI of $29,345; the total population is 3,442; the percent of the population that is minority is 43.46%; the number of owner occupied units is 519; the number renter occupied units is 743 and the number of vacant units is 116. (*)

Havens at Mansfield – (2005) The proposed development will be located at NEC of Hwy 360 and S. Miller Road, Mansfield, Tarrant County (North 15 acres). Demographics for the census tract (1113.03) include AMFI of $119,980; the total population is 7,340; the percent of the population that is minority is 10.93%; the number of owner occupied units is 2,299; the number renter occupied units is 32 and the number of vacant units is 50. (*)

Generations at Mansfield – (2005) The proposed development will be located at NEC of Hwy 360 and S. Miller Road, Mansfield, Tarrant County (South 15 acres). Demographics for the census tract (1113.03) include AMFI of $119,980; the total population is 7,340; the percent of the population that is minority is 10.93%; the number of owner occupied units is 2,299; the number renter occupied units is 32 and the number of vacant units is 50. (*)

Village Park Apartments – (2005) The proposed acquisition/rehabilitation will be located at 8701 Hammerly Boulevard, Houston, Harris County. Demographics for the census tract (5212.0) include AMFI of $35,111; the total population is 36,145; the percent of the population that is minority is 70.46%; the number of owner occupied units is 502; the number renter occupied units is 1,639 and the number of vacant units is 107. (*)

Spriggsdale Plaza – (2005) The proposed development will be located at 301 Spriggsdale Avenue, San Antonio, Bexar County. Demographics for the census tract (1308.00) include AMFI of $31,739; the total population is 3,707; the percent of the population that is minority is 96.3%; the number of owner occupied units is 890; the number renter occupied units is 438 and the number of vacant units is 132. (*)

Deerwood Lodge – (2005) The proposed development will be located at Approximately 1200 Greens Parkway, Houston, Harris County. Demographics for the census tract (5501.00) include AMFI of $32,675; the total population is 3,839; the percent of the population that is minority is 89.35%; the number of owner occupied units is 157; the number renter occupied units is 1410 and the number of vacant units is 143. (*)

Villas at Henderson – (2006) The proposed development will be located at 1648 W. Henderson Street, Cleburne, Johnson County. Demographics for the census tract include AMFI of $46,180; the total population is 4,320; the percent of the population that is minority is 18.13%; the number of owner occupied units is 715; the number renter occupied units is 959 and the number of vacant units is 92. (*)

Fair Oaks Apartments – (2006) The proposed development will be located at 3700 Post Oak Boulevard, Fort Worth, Tarrant County. Demographics for the census tract include AMFI of $59,452; the total population is 6,311; the percent of the population that is minority is 45.27%; the number of owner occupied units is 430; the number renter occupied units is 3225 and the number of vacant units is 282. (*)

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
2005-052	The Park at Oak Grove	248	$ 13,700,000	Tarrant County Partners II, LP	Recommend
	1029 Oak Grove Road			Rodney Tripplett, Jr	
Priority 2	City: Fort Worth	General	Score - 43.5	2680 Crane Ridge Drive	
	County: Tarrant			Jackson, MS 39216	
	New Construction			(601) 321-7600	
2005-053	The Residences at Sunset Pointe	224	$ 15,000,000	Sunset Pointe Housing Partners, Ltd.	Do Not Recommend
	5500 Sycamore School Road			Dan Allgeier	Not within Pre-application
Priority 3	City: Fort Worth	General	Score - 55	700 E. Sandy Lake Road, Suite 146	guidelines
	County: Tarrant			Coppell, TX 75019	
	New Construction			(972) 745-0756	
2005-054	Bella Vista Apartments	144	$ 6,850,000	UHF Gainsville Housing, L.P.	Recommend
	E. side of N. Grand Ave, N. of US 82			David Krukiel	
Priority 3	City: Gainsville	General	Score - 52	1755 Wittington Place, Suite 340	
	County: Cooke			Dallas, Texas 75234	
	New Construction			(972) 243-4205	
2005-055	Havens at Mansfield	252	$ 14,600,000	TX 360 Senior Housing, LP	Recommend
	NEC of Hwy 360 & S. Miller Road (N 15 ac.)			Jeff Spicer	
Priority 3	City: Mansfield	Elderly	Score - 41	5843 Royal Crest Drive	
	County: Tarrant			Dallas, Texas 75230	
	New Construction			(214) 346-0707	
2005-056	Generations at Mansfield	252	$ 16,100,000	GS 360 Housing, LP	Recommend
	NEC of Hwy 360 & S. Miller Road (S 15 ac.)			Jeff Spicer	
Priority 3	City: Mansfield	General	Score - 43	5843 Royal Crest Drive	
	County: Tarrant			Dallas, Texas 75230	
	New Construction			(214) 346-0707	
2005-057	Village Park Apartments	419	$ 15,000,000	Village Park Apartments, LP	Recommend
	8701 Hammerly Boulevard			Hunter McKenzie	
Priority 3	City: Houston	General	Score - 46	105 Tallapoosa Street, Suite 300	
	County: Harris			Montgomery, AL 36104	
	Acquisition/Rehabilitation			334-954-4458	
2005-064	Spriggsdale Plaza	249	$ 11,590,000	SA Eastside Housing, L.P.	Recommend
	301 Spriggsdale Avenue			David Marquez	
Priority 3	City: San Antonio	Elderly	Score - 56	222 E. Houston Street, Suite 620	
	County: Bexar			San Antonio, Texas 78205	
	New Construction			(210) 228-0560	

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-065	Deerwood Lodge	250	$ 11,000,000	Deerwood Lodge, Ltd.	Recommend
	Approximately 1200 Greens Parkway			H. Elizabeth Young	
Priority 2	City: Houston	Elderly	Score - 51	5325 Katy Freeway, Suite One	
	County: Harris			Houston, Texas 77007	
	New Construction			(713) 626-1400	
Totals for Recommended Applications		**1789**	**$ 77,250,000**		

Texas Department of Housing and Community Affairs

2006 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount		Developer Information	Comments
2006-001	Villas at Henderson	140	$	8,000,000	Cleburne Villas Apartments, LP	Recommend
	1648 W. Henderson				G. Granger MacDonald	
Priority 3	City: Cleburne	Int Gen	Score - 82		2951 Fall Creek Road	
	County: Johnson				Kerrville, Texas 78028	
	New Construction				(830) 257-5323	
2006-002	Fair Oaks Apartments	180	$	9,650,000	Post Oak West Apartments, LP	Recommend
	3700 Post Oak Boulevard				G. Granger MacDonald	
Priority 3	City: Fort Worth	Elderly	Score - 72		2951 Fall Creek Road	
	County: Tarrant				Kerrville, Texas 78028	
	New Construction				(830) 257-5323	
Totals for Recommended Applications		**320**	**$**	**17,650,000**		

RESOLUTION NO. 05-088

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; 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, very low and extremely low income and families of moderate income (all as defined in the Act); 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, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development 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 Development 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 Development 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 Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the "Board") pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development 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 Development 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 Development 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 Development 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 Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; 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 Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

(a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the financing of each Development is a public purpose and will provide a public benefit;

(d) each Owner is financially responsible; and

(e) each Development will be undertaken within the authority granted by the Act to 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 Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, 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 development 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 Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development 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 Development and listed on Exhibit A attached hereto ("Costs of each respective Development") 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 or rehabilitation of its Development, 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 or rehabilitation of its Development; (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 Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development 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 Development 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 Development, 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 Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, 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 Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development 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 Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development 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, 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 Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development 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 Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development 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 Development'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. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development 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 Development 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 Development 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 of the State of Texas (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 10th day of November, 2005.

[SEAL]

By:_________________________________
Elizabeth Anderson, Chair

Attest:_________________________
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

<table>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Bella Vista Apartments</td><td>UHF Gainesville Housing, L.P.</td><td>Unified Housing of Gainesville, L.L.C., the General Partner, to be formed, or other entity, the sole member of which will be Unified Housing Foundation, Inc.</td><td>$6,850,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately between the 2000 and 2200 blocks of N. Grand Avenue and on the west side of N. Grand Avenue, Gainesville, Cooke County, Texas; and (ii) the construction thereon of an approximately 144-unit multifamily residential rental housing development, in the amount not to exceed $6,850,000.</td></tr>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Deerwood Lodge Apartments</td><td>Deerwood Lodge, Ltd.</td><td>Deerwood Lodge Management, LLC, the General Partner, to be formed, or other entity, the members of which will be Artisan/American Corp. and/or Inland General Construction Co, or other entity</td><td>$11,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately the 1200 block of Greens Parkway at the northwest corner of Interstate Highway 45 and Beltway 8, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily senior residential rental housing development, in the amount not to exceed $11,000,000.</td></tr>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Generations at Mansfield Apartments</td><td>GS 360 Housing, L.P.</td><td>GS 360 GP, LLC, or other entity, the principals will include Jeffrey S. Spicer and/or Kelly Garrett</td><td>$16,100,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately 1,000 from S. Miller Road and to the east of the Highway 360 frontage road and adjacent to Mansfield National Golf Club (located at 3750 National Parkway, Mansfield, Tarrant County, Texas), Mansfield, Tarrant County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing development, in the amount not to exceed $16,100,000.</td></tr>
</table>

<table>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Havens at Mansfield Apartments</td><td>TX 360 Senior Housing, L.P.</td><td>TX 360 Senior Housing GP, LLC, or other entity, the principals will include Jeffrey S. Spicer and/or Kelly Garrett</td><td>$14,600,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located approximately to the east of the Highway 360 frontage road and to the west of and adjacent to Mansfield National Golf Club (located at 3750 National Parkway, Mansfield, Tarrant County, Texas), Mansfield, Tarrant County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily senior residential rental housing development, in the amount not to exceed $14,600,000.</td></tr>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Spriggsdale Plaza Apartments</td><td>SA Eastside Housing, L.P.</td><td>SA Eastside Housing Development, L.L.C., the general partner, or other entity, the sole principal of which will be Our Casas Resident Council Incorporated, or other entity</td><td>$11,590,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately the 300 block of Spriggsdale Avenue, San Antonio, Bexar County, Texas; and (ii) the construction thereon of an approximately 249-unit multifamily senior residential rental housing development, in the amount not to exceed $11,590,000.</td></tr>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>The Park at Oak Grove Apartments</td><td>Tarrant County Partners II, L.P.</td><td>JAN-TX VIII, L.L.C., or other entity, the sole principal of which will be Tri-Park Holdings, L.L.C., or other entity</td><td>$13,700,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately 1029 Oak Grove Road, Fort Worth, Tarrant County, Texas; and (ii) the construction thereon of an approximately 247-unit multifamily residential rental housing development, in the amount not to exceed $13,700,000.</td></tr>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>The Residences at Sunset Pointe</td><td>Sunset Pointe Housing Partnership, Ltd.</td><td>NDG-Sunset Pointe, LLC, the general partner, to be formed, or other entity, the principals of which will include Robert G. Hoskins and/or Sandra Hoskins</td><td>$15,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately between the 5000-6000 blocks of Sycamore School Road and approximately 400 feet west of the northwest corner of Granbury Road and Sycamore School Road, Fort Worth, Tarrant County, Texas; and (ii) the construction thereon of an approximately 224-unit multifamily residential rental housing development, in the amount not to exceed $15,000,000.</td></tr>
</table>

Development Name	Owner	Principals	Amount Not to Exceed
Village Park Apartments	Village Park Apartments, Ltd.	Summit America Properties, Inc., the general partner, or other entity, the principals of which will include Realty Partners, L.L.C. and/or W. Daniel Hughes, Jr., or other entity	$15,000,000
Costs: (i) acquisition of real property located at 8701 Hammerly Boulevard, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 419-unit multifamily residential rental housing development, in the amount not to exceed $15,000,000.			

RESOLUTION NO. 05-089

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; 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, very low and extremely low income and families of moderate income (all as defined in the Act); 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, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development 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 Development 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 Development 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 Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the "Board") pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development 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 Development 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 Development 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 Development 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 Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; 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 Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

(a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the financing of each Development is a public purpose and will provide a public benefit;

(d) each Owner is financially responsible; and

(e) each Development will be undertaken within the authority granted by the Act to 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 Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, 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 development 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 Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development 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 Development and listed on Exhibit A attached hereto ("Costs of each respective Development") 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 or rehabilitation of its Development, 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 or rehabilitation of its Development; (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 Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development 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 Development 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 Development, 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 Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, 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 Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development 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 Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development 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, 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 Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development 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 Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development 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 Development's necessary review and legal documentation for the filing of an Application for the 2006 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development 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 Development 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 Development 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 of the State of Texas (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 10th day of November, 2005.

[SEAL]

By:___________________________________
Elizabeth Anderson, Chair

Attest:__________________________
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

<table>
<tr><th>Development Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Fair Oaks Apartments</td><td>Post Oak West Apartments, L.P.</td><td>Post Oak West Apartments I, L.L.C., the General Partner, to be formed, or other entity, the members of which will be Resolution Real Estate Services, LLC and/or WOLCOTT Development, LLC and/or G.G. MacDonald, Inc., or other entity</td><td>$9,650,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located at approximately the 3700 block of Post Oak Boulevard, Euless, Tarrant County, Texas; and (ii) the construction thereon of an approximately 180–unit multifamily senior residential rental housing development, in the amount not to exceed $9,650,000.</td></tr>
<tr><th>Project Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Villas at Henderson Place</td><td>Cleburne Villas Apartments, L.P.</td><td>Cleburne Villas Developers, L.L.C., the General Partner, or other entity, the Members of which be WOLCO Development, LLC and/or Resolution Real Estate Services, LLC and/or G. G. MacDonald, Inc., or other entity</td><td>$8,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property approximately located at 1648 W. Henderson, Cleburne, Johnson County, Texas; and (ii) the construction thereon of an approximately 140-unit multifamily intergenerational residential rental housing project, in the amount not to exceed $8,000,000.</td></tr>
</table>

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

The Park at Oak Grove, Fort Worth, (#2005-0052) Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	36	$ 605	770	0.79
60% AMI	2BD/2BA	128	$ 730	1,039	0.70
60% AMI	3BD/2BA	83	$ 847	1,252	0.68
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		247	$ 2,226,252	264,628	$ 0.70
Averages			$ 751	1,071	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,230,000	$ 4,980	$ 4.65	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,230,000	$ 4,980	$ 4.65	0.06
Sitework	1,833,800	7,424	6.93	0.08
Hard Construction Costs	11,235,828	45,489	42.46	0.51
General Requirements (6%)	784,178	3,175	2.96	0.04
Contractor's Overhead (2%)	261,393	1,058	0.99	0.01
Contractor's Profit (6%)	784,178	3,175	2.96	0.04
Construction Contingency	648,481	2,625	2.45	0.03
Subtotal Construction	$ 15,547,857	$ 62,947	$ 58.75	0.71
Indirect Construction	905,000	3,664	3.42	0.04
Developer's Fee	2,544,321	10,301	9.61	0.12
Financing	1,401,955	5,676	5.30	0.06
Reserves	198,400	803	0.75	0.01
Subtotal Other Costs	$ 5,049,676	$ 20,444	$ 19	$ 0
Total Uses	$ 21,827,533	$ 88,371	$ 82.48	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 8,048,850	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 13,700,000	6.00%	30	$ 985,661
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 78,681	3.1%	$2,465,640	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 21,827,531			$ 985,661

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 8,048,850	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 13,700,000	6.00%	30	$ 985,661
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 78,683	3.1%	$ 2,465,638	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 21,827,533			$ 985,661

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,226,252	$8.41	
Other Income & Loss		44,640	0.17	181
Vacancy & Collection	-7.50%	(170,316)	-0.64	-690
Effective Gross Income		$2,100,576	7.94	8,504
Total Operating Expenses		$1,019,190	$3.85	$4,126
Net Operating Income		$1,081,386	$4.09	$4,378
Debt Service		985,661	3.72	3,991
Net Cash Flow		$95,725	$0.36	$388
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$95,725	$0.36	$388
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.63		
Break-even Occupancy		90.05%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,226,252	$8.41	
Other Income & Loss		44,460	0.17	180
Vacancy & Collection	7.50%	(170,303)	-0.64	-689
Effective Gross Income		2,100,409	7.94	8,504
Total Operating Expenses	48.5%	$1,019,190	$3.85	$4,126
Net Operating Income		$1,081,219	$4.09	$4,377
Debt Service		985,661	3.72	3,991
Net Cash Flow		$95,558	$0.36	$387
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$95,558	$0.36	$387
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.63		
Break-even Occupancy		90.05%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$66,520	0.25	269
Management Fees	126,034	0.48	510
Payroll, Payroll Tax & Employee Exp.	191,000	0.72	773
Maintenance/Repairs	109,750	0.41	444
Utilities	56,350	0.21	228
Property Insurance	68,200	0.26	276
Property Taxes	297,600	1.12	1205
Replacement Reserves	62,000	0.23	251
Other Expenses	41,736	0.16	169
Total Expenses	$1,019,190	$3.85	$4,126

Staff Notes/Comments

Other expenses include: Supportive Services Contract = $11,856
Compliance Fee = $9,880 .
Security = $20,000

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

The Residences at Sunset Pointe, Ft. Worth (#2005-053) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	56	$ 620	850	0.73
60% AMI	2BD/2BA	96	$ 740	1,029	0.72
60% AMI	3BD/2BA	72	$ 850	1,150	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		224	$ 2,003,520	229,184	$ 0.73
Averages			$ 745	1,023	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,575,000	$ 7,031	$ 6.87	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,575,000	$ 7,031	$ 6.87	0.07
Sitework	1,465,000	6,540	6.39	0.07
Hard Construction Costs	10,759,040	48,031	46.94	0.48
General Requirements (6%)	733,442	3,274	3.20	0.03
Contractor's Overhead (2%)	244,481	1,091	1.07	0.01
Contractor's Profit (6%)	733,442	3,274	3.20	0.03
Construction Contingency	602,416	2,689	2.63	0.03
Subtotal Construction	$ 14,537,822	$ 64,901	$ 63.43	0.65
Indirect Construction	1,109,273	4,952	4.84	0.05
Developer's Fee	2,460,158	10,983	10.73	0.11
Financing	2,684,160	11,983	11.71	0.12
Reserves	125,000	558	0.55	0.01
Subtotal Other Costs	$ 6,378,591	$ 28,476	$ 28	$ 0
Total Uses	$ 22,491,413	$ 100,408	$ 98.14	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,462,976	$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	$ 1,028,431	41.8%	$1,431,727	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 22,491,407			$1,079,191

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,462,976	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 12,518,607	6.00%	30	$ 900,664
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 3,509,830	142.7%	$ (1,049,672)	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 22,491,413			$ 900,664

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,003,520	$8.74	
Other Income & Loss		40,320	0.18	180
Vacancy & Collection	-7.99%	(163,332)	-0.71	-729
Effective Gross Income		$1,880,508	8.21	8,395
Total Operating Expenses		$900,661	$3.93	$4,021
Net Operating Income		$979,847	$4.28	$4,374
Debt Service		1,079,191	4.71	4,818
Net Cash Flow		($99,344)	($0.43)	($443)
Debt Coverage Ratio		0.91		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		($99,344)	($0.43)	($443)
DCR after TDHCA Fees		0.91		
Break-even Rents/S.F.		0.72		
Break-even Occupancy		98.82%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,003,520	$8.74	
Other Income & Loss		40,320	0.18	180
Vacancy & Collection	7.50%	(153,288)	-0.67	-684
Effective Gross Income		1,890,552	8.25	8,440
Total Operating Expenses	47.6%	$900,661	$3.93	$4,021
Net Operating Income		$989,891	$4.32	$4,419
Debt Service		900,664	3.93	4,021
Net Cash Flow		$89,227	$0.39	$398
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$89,227	$0.39	$398
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.65		
Break-even Occupancy		89.91%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$78,000	0.34	348
Management Fees	100,721	0.44	450
Payroll, Payroll Tax & Employee Exp.	203,000	0.89	906
Maintenance/Repairs	91,500	0.40	408
Utilities	135,040	0.59	603
Property Insurance	48,000	0.21	214
Property Taxes	154,000	0.67	688
Replacement Reserves	44,800	0.20	200
Other Expenses	45,600	0.20	204
Total Expenses	$900,661	$3.93	$4,021

Staff Notes/Comments

Other Expenses Include: Supportive Services Fees: $26,880
Compliance Fees: $6,720
Security Fees: $12,000

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Bella Vista, Gainsville (#2005-054) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	$ 546	756	0.72
60% AMI	2BD/2BA	56	$ 638	958	0.67
60% AMI	3BD/2BA	40	$ 741	1,100	0.67
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		144	$ 1,098,912	133,936	$ 0.68
Averages			$ 636	930	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 400,000	$ 2,778	$ 2.99	0.03
Off-sites	100,000	694	0.75	0.01
Subtotal Site Costs	$ 500,000	$ 3,472	$ 3.73	0.04
Sitework	984,385	6,836	7.35	0.08
Hard Construction Costs	5,629,684	39,095	42.03	0.48
General Requirements (6%)	396,844	2,756	2.96	0.03
Contractor's Overhead (2%)	132,281	919	0.99	0.01
Contractor's Profit (6%)	396,844	2,756	2.96	0.03
Construction Contingency	331,162	2,300	2.47	0.03
Subtotal Construction	$ 7,871,201	$ 54,661	$ 58.77	0.68
Indirect Construction	778,198	5,404	5.81	0.07
Developer's Fee	1,275,476	8,857	9.52	0.11
Financing	1,225,310	8,509	9.15	0.11
Reserves	0	0	0.00	0.00
Subtotal Other Costs	$ 3,278,984	$ 22,771	$ 24	$ 0
Total Uses	$ 11,650,185	$ 80,904	$ 86.98	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 4,258,207	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 6,237,603	6.00%	40	$ 411,842
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 399,476	31.3%	$876,000	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 156,500	Cash equity		$ -
Total Sources	$ 11,051,786			$ 411,842

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 4,258,207	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 6,237,603	6.00%	30	$ 448,771
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 997,874	78.2%	$ 277,602	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 156,500			$ -
Total Sources	$ 11,650,185			$ 448,771

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,098,912	$8.20	
Other Income & Loss		25,920	0.19	180
Vacancy & Collection	-7.49%	(84,252)	-0.63	-585
Effective Gross Income		$1,040,580	7.77	7,226
Total Operating Expenses		$545,692	$4.07	$3,790
Net Operating Income		$494,888	$3.69	$3,437
Debt Service		411,842	3.07	2,860
Net Cash Flow		$83,046	$0.62	$577
Debt Coverage Ratio		1.20		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$83,046	$0.62	$577
DCR after TDHCA Fees		1.20		
Break-even Rents/S.F.		0.60		
Break-even Occupancy		87.13%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,098,912	$8.20	
Other Income & Loss		25,920	0.19	180
Vacancy & Collection	7.50%	(84,362)	-0.63	-586
Effective Gross Income		1,040,470	7.77	7,225
Total Operating Expenses	52.6%	$547,200	$4.09	$3,800
Net Operating Income		$493,270	$3.68	$3,425
Debt Service		448,771	3.35	3,116
Net Cash Flow		$44,499	$0.33	$309
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$44,499	$0.33	$309
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.62		
Break-even Occupancy		90.63%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$73,152	0.55	508
Management Fees	46,911	0.35	326
Payroll, Payroll Tax & Employee Exp.	125,768	0.94	873
Maintenance/Repairs	62,640	0.47	435
Utilities	79,998	0.60	556
Property Insurance	34,823	0.26	242
Property Taxes	86,400	0.65	600
Replacement Reserves	36,000	0.27	250
Other Expenses	-	0.00	0
Total Expenses	$545,692	$4.07	$3,790

Staff Notes/Comments

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Havens at Mansfield, Manfield (#2005-055) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	50	$ 705	750	0.94
60% AMI	2BD/2BA	202	$ 846	950	0.89
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		252	$ 2,473,704	229,400	$ 0.90
Averages			$ 818	910	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,367,000	$ 5,425	$ 5.96	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,367,000	$ 5,425	$ 5.96	0.06
Sitework	1,888,740	7,495	8.23	0.09
Hard Construction Costs	10,713,000	42,512	46.70	0.49
General Requirements (6%)	756,104	3,000	3.30	0.03
Contractor's Overhead (2%)	252,035	1,000	1.10	0.01
Contractor's Profit (6%)	756,104	3,000	3.30	0.03
Construction Contingency	630,087	2,500	2.75	0.03
Subtotal Construction	$ 14,996,071	$ 59,508	$ 65.37	0.68
Indirect Construction	899,900	3,571	3.92	0.04
Developer's Fee	2,497,008	9,909	10.88	0.11
Financing	1,952,344	7,747	8.51	0.09
Reserves	342,678	1,360	1.49	0.02
Subtotal Other Costs	$ 5,691,930	$ 22,587	$ 25	$ 0
Total Uses	$ 22,055,001	$ 87,520	$ 96.14	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,437,392	$0.80	0.00%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 14,600,000	6.00%	30	$1,050,413
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 817,608	32.7%	$1,679,400	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 200,000	GIC		$ -
Total Sources	$ 22,055,000			$1,050,413

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,437,392	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 14,600,000	6.00%	30	$ 1,050,413
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 817,609	32.7%	$ 1,679,399	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 200,000			$ -
Total Sources	$ 22,055,001			$ 1,050,413

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,473,704	$10.78	
Other Income & Loss		45,360	0.20	180
Vacancy & Collection	-6.95%	(175,056)	-0.76	-695
Effective Gross Income		$2,344,008	10.22	9,302
Total Operating Expenses		$1,016,392	$4.43	$4,033
Net Operating Income		$1,327,616	$5.79	$5,268
Debt Service		1,050,413	4.58	4,168
Net Cash Flow		$277,203	$1.21	$1,100
Debt Coverage Ratio		1.26		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$277,203	$1.21	$1,100
DCR after TDHCA Fees		1.26		
Break-even Rents/S.F.		0.75		
Break-even Occupancy		83.55%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,473,704	$10.78	
Other Income & Loss		45,360	0.20	180
Vacancy & Collection	7.50%	(188,930)	-0.82	-750
Effective Gross Income		2,330,134	10.16	9,247
Total Operating Expenses	43.6%	$1,016,392	$4.43	$4,033
Net Operating Income		$1,313,742	$5.73	$5,213
Debt Service		1,050,413	4.58	4,168
Net Cash Flow		$263,330	$1.15	$1,045
Debt Coverage Ratio		1.25		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$263,330	$1.15	$1,045
DCR after TDHCA Fees		1.25		
Break-even Rents/S.F.		0.75		
Break-even Occupancy		83.55%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$62,884	0.27	250
Management Fees	107,954	0.47	428
Payroll, Payroll Tax & Employee Exp.	221,934	0.97	881
Maintenance/Repairs	100,660	0.44	399
Utilities	144,960	0.63	575
Property Insurance	56,700	0.25	225
Property Taxes	226,800	0.99	900
Replacement Reserves	50,400	0.22	200
Other Expenses	44,100	0.19	175
Total Expenses	$1,016,392	$4.43	$4,033

Staff Notes/Comments

Other Expenses include: Supportive Service Fees=$37,800
Compliance Fees= $6,300
Total= $44,100

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Generations at Mansfield, Mansfield (#2005-056) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	$ 650	750	0.87
60% AMI	2BD/2BA	112	$ 777	950	0.82
60% AMI	3BD/2BA	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	246,600	$ 0.81
Averages			$ 793	979	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,900,000	$ 7,540	$ 7.70	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,900,000	$ 7,540	$ 7.70	0.08
Sitework	1,888,740	7,495	7.66	0.08
Hard Construction Costs	10,967,800	43,523	44.48	0.47
General Requirements (6%)	771,392	3,061	3.13	0.03
Contractor's Overhead (2%)	257,131	1,020	1.04	0.01
Contractor's Profit (6%)	771,392	3,061	3.13	0.03
Construction Contingency	642,827	2,551	2.61	0.03
Subtotal Construction	$ 15,299,283	$ 60,711	$ 62.04	0.66
Indirect Construction	899,900	3,571	3.65	0.04
Developer's Fee	2,562,204	10,167	10.39	0.11
Financing	2,116,549	8,399	8.58	0.09
Reserves	358,311	1,422	1.45	0.02
Subtotal Other Costs	$ 5,936,964	$ 23,559	$ 24	$ 0
Total Uses	$ 23,136,247	$ 91,811	$ 93.82	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,399,574	$0.80	0.00%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 16,100,000	6.75%	40	$1,165,685
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,411,672	55.1%	$1,150,532	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 225,000	GIC		$ -
Total Sources	$ 24,136,246			$1,165,685

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,399,574	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,537,153	6.75%	40	$ 1,124,934
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 974,520	38.0%	$ 1,587,684	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 225,000			$ -
Total Sources	$ 23,136,247			$ 1,124,934

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,397,120	$9.72	
Other Income & Loss		45,360	0.18	180
Vacancy & Collection	-7.53%	(183,984)	-0.75	-730
Effective Gross Income		$2,258,496	9.16	8,962
Total Operating Expenses		$1,021,897	$4.14	$4,055
Net Operating Income		$1,236,599	$5.01	$4,907
Debt Service		1,165,685	4.73	4,626
Net Cash Flow		$70,914	$0.29	$281
Debt Coverage Ratio		1.06		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$70,914	$0.29	$281
DCR after TDHCA Fees		1.06		
Break-even Rents/S.F.		0.74		
Break-even Occupancy		91.26%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,397,120	$9.72	
Other Income & Loss		45,360	0.18	180
Vacancy & Collection	7.50%	(183,186)	-0.74	-727
Effective Gross Income		2,259,294	9.16	8,965
Total Operating Expenses	45.2%	$1,021,897	$4.14	$4,055
Net Operating Income		$1,237,397	$5.02	$4,910
Debt Service		1,124,934	4.56	4,464
Net Cash Flow		$112,463	$0.46	$446
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$112,463	$0.46	$446
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.73		
Break-even Occupancy		89.56%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$62,884	0.26	250
Management Fees	113,459	0.46	450
Payroll, Payroll Tax & Employee Exp.	221,934	0.90	881
Maintenance/Repairs	100,660	0.41	399
Utilities	144,960	0.59	575
Property Insurance	56,700	0.23	225
Property Taxes	226,800	0.92	900
Replacement Reserves	50,400	0.20	200
Other Expenses	44,100	0.18	175
Total Expenses	$1,021,897	$4.14	$4,055

Staff Notes/Comments

Other Expenses Include: Supportive Services= $37,800
Compliance Fees= $6,300

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Village Park Apartments, Houston (#2005-057) Priority 3 (Acquisition/Rehabilitation)

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	4	$ 620	537	1.15
60% AMI	1BD/1BA	121	$ 614	672	0.91
60% AMI	1BD/1BA	28	$ 657	758	0.87
60% AMI	2BD/1BA	36	$ 730	864	0.84
60% AMI	2BD/1BA	30	$ 730	869	0.84
60% AMI	2BD/1BA	8	$ 730	959	0.76
60% AMI	2BD/2BA	60	$ 741	1,026	0.72
60% AMI	2BD/2BA	72	$ 741	1,040	0.71
60% AMI	3BD/2BA	60	$ 917	1,150	0.80
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		419	$ 3,624,264	374,970	$ 0.81
Averages			$ 721	895	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 14,935,000	$ 35,644	$ 39.83	0.68
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 14,935,000	$ 35,644	$ 39.83	0.68
Sitework	1,195,341	2,853	3.19	0.05
Hard Construction Costs	1,377,467	3,288	3.67	0.06
General Requirements (6%)	154,368	368	0.41	0.01
Contractor's Overhead (2%)	51,456	123	0.14	0.00
Contractor's Profit (6%)	154,368	368	0.41	0.01
Construction Contingency	146,650	350	0.39	0.01
Subtotal Construction	$ 3,079,651	$ 7,350	$ 8.21	0.14
Indirect Construction	270,750	646	0.72	0.01
Developer's Fee	2,370,438	5,657	6.32	0.11
Financing	1,171,378	2,796	3.12	0.05
Reserves	40,000	95	0.11	0.00
Subtotal Other Costs	$ 3,852,566	$ 9,195	$ 10	$ 0
Total Uses	$ 21,867,217	$ 52,189	$ 58.32	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,198,902	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 14,500,000	6.00%	30	$1,043,218
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,122,872	47.4%	$1,247,566	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 5,442	Cash Equity		$ -
Total Sources	$ 21,827,216			$1,043,218

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,198,902	$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	$ 662,873	28.0%	$ 1,707,565	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 5,442			$ -
Total Sources	$ 21,867,217			$ 1,079,191

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$3,624,264	$9.67	
Other Income & Loss		75,420	0.20	180
Vacancy & Collection	-7.04%	(260,388)	-0.69	-621
Effective Gross Income		$3,439,296	9.17	8,208
Total Operating Expenses		$2,056,757	$5.49	$4,909
Net Operating Income		$1,382,539	$3.69	$3,300
Debt Service		1,043,218	2.78	2,490
Net Cash Flow		$339,321	$0.90	$810
Debt Coverage Ratio		1.33		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$339,321	$0.90	$810
DCR after TDHCA Fees		1.33		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		85.53%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$3,624,264	$9.67	
Other Income & Loss		75,420	0.20	180
Vacancy & Collection	7.50%	(277,476)	-0.74	-662
Effective Gross Income		3,422,208	9.13	8,168
Total Operating Expenses	60.1%	$2,056,757	$5.49	$4,909
Net Operating Income		$1,365,451	$3.64	$3,259
Debt Service		1,079,191	2.88	2,576
Net Cash Flow		$286,260	$0.76	$683
Debt Coverage Ratio		1.27		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$286,260	$0.76	$683
DCR after TDHCA Fees		1.27		
Break-even Rents/S.F.		0.70		
Break-even Occupancy		86.53%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$36,250	0.10	87
Management Fees	138,671	0.37	331
Payroll, Payroll Tax & Employee Exp.	413,000	1.10	986
Maintenance/Repairs	91,200	0.24	218
Utilities	881,516	2.35	2104
Property Insurance	96,370	0.26	230
Property Taxes	295,000	0.79	704
Replacement Reserves	104,750	0.28	250
Other Expenses	-	0.00	0
Total Expenses	$2,056,757	$5.49	$4,909

Staff Notes/Comments

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Spriggsdale Plaza, San Antonio (#2005-064) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	1	$ 533	650	0.82
60% AMI	1BD/1BA	2	$ 533	654	0.81
60% AMI	1BD/1BA	65	$ 533	704	0.76
60% AMI	2BD/1BA	141	$ 620	804	0.77
60% AMI	2BD/2BA	40	$ 643	865	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		249	$ 1,792,608	195,682	$ 0.76
Averages			$ 600	786	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 810,000	$ 3,253	$ 4.14	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 810,000	$ 3,253	$ 4.14	0.04
Sitework	1,866,250	7,495	9.54	0.09
Hard Construction Costs	10,465,887	42,032	53.48	0.48
General Requirements (6%)	739,928	2,972	3.78	0.03
Contractor's Overhead (2%)	246,643	991	1.26	0.01
Contractor's Profit (6%)	739,928	2,972	3.78	0.03
Construction Contingency	616,607	2,476	3.15	0.03
Subtotal Construction	$ 14,675,243	$ 58,937	$ 75.00	0.67
Indirect Construction	1,373,400	5,516	7.02	0.06
Developer's Fee	2,523,749	10,136	12.90	0.12
Financing	2,300,936	9,241	11.76	0.11
Reserves	87,191	350	0.45	0.00
Subtotal Other Costs	$ 6,285,276	$ 25,242	$ 32	$ 0
Total Uses	$ 21,770,519	$ 87,432	$ 111.25	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 8,378,251	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,590,000	6.60%	40	$ 824,182
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,357,114	53.8%	$1,166,635	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 445,154	Private loan/GIC Income		$ -
Total Sources	$ 21,770,519			$ 824,182

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 8,378,251	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,416,258	6.75%	40	$ 826,569
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,530,856	60.7%	$ 992,893	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 445,154			$ -
Total Sources	$ 21,770,519			$ 826,569

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,792,608	$9.16	
Other Income & Loss		44,820	0.23	180
Vacancy & Collection	-6.93%	(127,380)	-0.65	-512
Effective Gross Income		$1,710,048	8.74	6,868
Total Operating Expenses		$790,448	$4.04	$3,174
Net Operating Income		$919,600	$4.70	$3,693
Debt Service		824,182	4.21	3,310
Net Cash Flow		$95,418	$0.49	$383
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$95,418	$0.49	$383
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		90.07%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,792,608	$9.16	
Other Income & Loss		44,820	0.23	180
Vacancy & Collection	7.50%	(137,807)	-0.70	-553
Effective Gross Income		1,699,621	8.69	6,826
Total Operating Expenses	46.5%	$790,326	$4.04	$3,174
Net Operating Income		$909,295	$4.65	$3,652
Debt Service		826,569	4.22	3,320
Net Cash Flow		$82,726	$0.42	$332
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$82,726	$0.42	$332
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		90.20%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$67,920	0.35	273
Management Fees	68,352	0.35	275
Payroll, Payroll Tax & Employee Exp.	183,819	0.94	738
Maintenance/Repairs	117,722	0.60	473
Utilities	97,350	0.50	391
Property Insurance	58,515	0.30	235
Property Taxes	105,825	0.54	425
Replacement Reserves	49,800	0.25	200
Other Expenses	41,145	0.21	165
Total Expenses	$790,448	$4.04	$3,174

Staff Notes/Comments

Other Expenses Include: Supportve Services Fees: $18,675
Compliance Fees: $7,470
Security: $15,000

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Deerwood Lodge, Houston (#2005-065) Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	$ 646	697	0.93
60% AMI	1BD/1BA	56	$ 646	697	0.93
60% AMI	1BD/1BA	3	$ 646	816	0.79
60% AMI	2BD/2BA	65	$ 775	931	0.83
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	$ 2,140,788	205,637	$ 0.87
Averages			$ 714	823	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 834,080	$ 3,336	$ 4.06	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 834,080	$ 3,336	$ 4.06	0.05
Sitework	900,000	3,600	4.38	0.05
Hard Construction Costs	8,627,063	34,508	41.95	0.47
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	560,948	2,244	2.73	0.03
Subtotal Construction	$ 11,421,800	$ 45,687	$ 55.54	0.62
Indirect Construction	816,900	3,268	3.97	0.04
Developer's Fee	1,900,000	7,600	9.24	0.10
Financing	2,875,516	11,502	13.98	0.16
Reserves	525,000	2,100	2.55	0.03
Subtotal Other Costs	$ 6,117,416	$ 24,470	$ 30	$ 0
Total Uses	$ 18,373,296	$ 73,493	$ 89.35	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,467,785	$0.80	0.00%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,000,000	6.00%	30	$ 791,407
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 905,411	47.7%	$994,589	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 18,373,196			$ 791,407

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,467,785	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,000,000	6.00%	30	$ 791,407
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 905,511	47.7%	$ 994,489	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 18,373,296			$ 791,407

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,140,788	$10.41	
Other Income & Loss		42,000	0.20	168
Vacancy & Collection	-7.50%	(163,704)	-0.80	-655
Effective Gross Income		$2,019,084	9.82	8,076
Total Operating Expenses		$1,066,678	$5.19	$4,267
Net Operating Income		$952,406	$4.63	$3,810
Debt Service		791,407	3.85	3,166
Net Cash Flow		$160,999	$0.78	$644
Debt Coverage Ratio		1.20		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$160,999	$0.78	$644
DCR after TDHCA Fees		1.20		
Break-even Rents/S.F.		0.75		
Break-even Occupancy		86.79%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,140,788	$10.41	
Other Income & Loss		42,000	0.20	180
Vacancy & Collection	7.50%	(163,709)	-0.80	-655
Effective Gross Income		2,019,079	9.82	8,076
Total Operating Expenses	52.8%	$1,066,678	$5.19	$4,267
Net Operating Income		$952,401	$4.63	$3,810
Debt Service		791,407	3.85	3,166
Net Cash Flow		$160,994	$0.78	$644
Debt Coverage Ratio		1.20		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$160,994	$0.78	$644
DCR after TDHCA Fees		1.20		
Break-even Rents/S.F.		0.75		
Break-even Occupancy		86.79%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$80,000	0.39	320
Management Fees	90,859	0.44	363
Payroll, Payroll Tax & Employee Exp.	200,000	0.97	800
Maintenance/Repairs	130,169	0.63	521
Utilities	121,000	0.59	484
Property Insurance	75,000	0.36	300
Property Taxes	268,650	1.31	1075
Replacement Reserves	50,000	0.24	200
Other Expenses	51,000	0.25	204
Total Expenses	$1,066,678	$5.19	$4,267

Staff Notes/Comments

Other Expenses Include: Supportive Service Fees = $12,000
Complaince Fees =$10,000
Trustee/Issuer Fees= $29,000

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Villas at Henderson Place, (#2006-001) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
30% AMI	1BD/1BA	7	$ 278	700	0.40
60% AMI	1BD/1BA	3	$ 631	700	0.90
60% AMI	1BD/1BA	30	$ 631	814	0.78
60% AMI	1BD/1BA	20	$ 744	983	0.76
60% AMI	1BD/1BA	10	$ 631	814	0.78
60% AMI	2BD/2BA	20	$ 744	1,063	0.70
60% AMI	2BD/2BA	20	$ 744	983	0.76
60% AMI	3BD/2BA	30	$ 864	1,183	0.73
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		140	$ 1,195,668	135,630	$ 0.73
Averages			$ 712	969	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 538,000	$ 3,843	$ 3.97	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 538,000	$ 3,843	$ 3.97	0.04
Sitework	1,099,500	7,854	8.11	0.08
Hard Construction Costs	6,375,000	45,536	47.00	0.48
General Requirements (6%)	448,470	3,203	3.31	0.03
Contractor's Overhead (2%)	149,490	1,068	1.10	0.01
Contractor's Profit (6%)	448,470	3,203	3.31	0.03
Construction Contingency	300,000	2,143	2.21	0.02
Subtotal Construction	$ 8,820,930	$ 63,007	$ 65.04	0.66
Indirect Construction	394,000	2,814	2.90	0.03
Developer's Fee	1,563,405	11,167	11.53	0.12
Financing	1,798,260	12,845	13.26	0.14
Reserves	150,000	1,071	1.11	0.01
Subtotal Other Costs	$ 3,905,665	$ 27,898	$ 29	$ 0
Total Uses	$ 13,264,595	$ 94,747	$ 97.80	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 3,731,342	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 7,861,914	6.00%	30	$ 565,634
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 971,339	62.1%	$592,066	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 700,000			$ -
Total Sources	$ 13,264,595			$ 565,634

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 3,731,342	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 7,580,000	6.00%	30	$ 545,351
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,253,253	80.2%	$ 310,152	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 700,000			$ -
Total Sources	$ 13,264,595			$ 545,351

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,195,668	$8.82	
Other Income & Loss		25,200	0.19	180
Vacancy & Collection	-7.50%	(91,560)	-0.68	-654
Effective Gross Income		$1,129,308	8.33	8,066
Total Operating Expenses		$491,181	$3.62	$3,508
Net Operating Income		$638,127	$4.70	$4,558
Debt Service		565,634	4.17	4,040
Net Cash Flow		$72,493	$0.53	$518
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$72,493	$0.53	$518
DCR after TDHCA Fees		1.13		
Break-even Rents/S.F.		0.65		
Break-even Occupancy		88.39%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,195,668	$8.82	
Other Income & Loss		25,200	0.19	180
Vacancy & Collection	7.50%	(91,565)	-0.68	-654
Effective Gross Income		1,129,303	8.33	8,066
Total Operating Expenses	47.1%	$532,000	$3.92	$3,800
Net Operating Income		$597,303	$4.40	$4,266
Debt Service		545,351	4.02	3,895
Net Cash Flow		$51,952	$0.38	$371
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$51,952	$0.38	$371
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.66		
Break-even Occupancy		90.10%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$37,500	0.28	268
Management Fees	46,441	0.34	332
Payroll, Payroll Tax & Employee Exp.	121,520	0.90	868
Maintenance/Repairs	73,580	0.54	526
Utilities	53,200	0.39	380
Property Insurance	30,000	0.22	214
Property Taxes	84,000	0.62	600
Replacement Reserves	28,000	0.21	200
Other Expenses	16,940	0.12	121
Total Expenses	$491,181	$3.62	$3,508

Staff Notes/Comments

Other expenses include: $13,440 Supportive Services Contract fees
$3,500 Compliance Fees

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Fair Oaks Apartments, Fort Worth (#2006-002) Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	90	$ 650	709	0.92
60% AMI	2BD/2BA	78	$ 778	983	0.79
60% AMI	2BD/2BA	12	$ 778	1,115	0.70
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		180	$ 1,542,240	153,864	$ 0.84
Averages			$ 714	855	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,000,000	$ 5,556	$ 6.50	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,000,000	$ 5,556	$ 6.50	0.06
Sitework	1,172,500	6,514	7.62	0.07
Hard Construction Costs	7,668,270	42,602	49.84	0.47
General Requirements (6%)	530,446	2,947	3.45	0.03
Contractor's Overhead (2%)	176,815	982	1.15	0.01
Contractor's Profit (6%)	530,446	2,947	3.45	0.03
Construction Contingency	374,639	2,081	2.43	0.02
Subtotal Construction	$ 10,453,117	$ 58,073	$ 67.94	0.65
Indirect Construction	490,000	2,722	3.18	0.03
Developer's Fee	1,869,018	10,383	12.15	0.12
Financing	2,132,756	11,849	13.86	0.13
Reserves	220,000	1,222	1.43	0.01
Subtotal Other Costs	$ 4,711,774	$ 26,177	$ 31	$ 0
Total Uses	$ 16,164,891	$ 89,805	$ 105.06	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 4,859,030	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 8,973,542	6.00%	30	$ 645,611
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,670,737	89.4%	$198,281	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 661,582			$ -
Total Sources	$ 16,164,891			$ 645,611

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 4,859,030	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 9,650,000	6.00%	30	$ 694,280
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 994,279	53.2%	$ 874,739	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 661,582			$ -
Total Sources	$ 16,164,891			$ 694,280

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,542,240	$10.02	
Other Income & Loss		32,400	0.21	180
Vacancy & Collection	-7.50%	(118,104)	-0.77	-656
Effective Gross Income		$1,456,536	9.47	8,092
Total Operating Expenses		$690,122	$4.49	$3,834
Net Operating Income		$766,414	$4.98	$4,258
Debt Service		645,611	4.20	3,587
Net Cash Flow		$120,803	$0.79	$671
Debt Coverage Ratio		1.19		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$120,803	$0.79	$671
DCR after TDHCA Fees		1.19		
Break-even Rents/S.F.		0.72		
Break-even Occupancy		86.61%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,542,240	$10.02	
Other Income & Loss		32,400	0.21	180
Vacancy & Collection	7.50%	(118,098)	-0.77	-656
Effective Gross Income		1,456,542	9.47	8,092
Total Operating Expenses	47.4%	$690,122	$4.49	$3,834
Net Operating Income		$766,420	$4.98	$4,258
Debt Service		694,280	4.51	3,857
Net Cash Flow		$72,140	$0.47	$401
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$72,140	$0.47	$401
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.75		
Break-even Occupancy		89.77%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$56,900	0.37	316
Management Fees	58,262	0.38	324
Payroll, Payroll Tax & Employee Exp.	147,600	0.96	820
Maintenance/Repairs	89,680	0.58	498
Utilities	98,100	0.64	545
Property Insurance	39,600	0.26	220
Property Taxes	139,200	0.90	773
Replacement Reserves	36,000	0.23	200
Other Expenses	24,780	0.16	138
Total Expenses	$690,122	$4.49	$3,834

Staff Notes/Comments

Other Expenses Include: Supportive Services Fees: $17,280
Compliance Fees : $4,500
Security Fees: $3,000
Total: $24,780

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Items

Request consideration and approval of a waiver of Section 53.56(4) of the HOME Rules and approval of a HOME Rental Development Award for Central Texas Housing Consortium.

Required Action

Approve or deny the wavier and the HOME Rental Development Award to Central Texas Housing Consortium.

Background

The Department received an application for HOME Rental Development funds from the Central Texas Housing Consortium in March 2005, under the 2005 HOME Open Cycle Notice of Funding Availability (NOFA) for Rental Development. The Development is located in the City of Belton, Bell County, Texas. The development was originally built with funding from the U.S. Department of Agriculture's (USDA) Rural Development program. The development consists of 40 units and serves the general population. The applicant requested $921,513 in HOME funds to complete significant rehabilitation of the development. The application has been reviewed for threshold criteria and underwriting.

Through the Department's underwriting process, staff worked with the applicant to refine the details of the rehabilitation and with USDA to determine how to best utilize existing cash reserves and increase the development's operating income. The applicant revised their initial cost estimates to $834,743, and is proposing to use approximately $37,000 in existing replacement reserves. With additional increases to rents for the developments approved by USDA, staff believes that the development will also be able to support full repayment of the HOME loan and is financially feasible.

Additionally, in reviewing the application for eligibility staff discovered an inconsistency between the Department's 2005 HOME rule and the federal final HOME rule published in February of 2005. The Department's 2005 HOME rule, under §53.56(4), prohibits "assistance to Public Housing Agency owned or leased projects", in accordance with 24 CFR §92.214 of the federal HOME rules. However, this reference is not accurate. The federal HOME rule no longer excludes public housing agency owned or leased properties from receiving HOME funds. Staff has already proposed an update to this section of the 2006 HOME rule, but is requesting a waiver to this section of the 2005 rule which applies to this application.

Recommendation

Staff recommends that the Board approve the wavier of §53.56(4) of the 2005 HOME rules regarding Prohibited Activities, and per the recommendation in the underwriting report award Central Texas Housing Consortium $797,678 in HOME funds, subject to conditions in the underwriting report. The award will be in the form of a loan with an interest rate of 0% and term of 30 years. The loan will be secured by a parity lien against the property to run in conjunction with USDA's Rural Housing Section 515 loan.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Belton Rural Rental Housing, TDHCA Number 05263

BASIC DEVELOPMENT INFORMATION

Site Address:	715 Saunders			Development #:	05263
City:	Belton	Region:	8	Population Served:	Family
County:	Bell	Zip Code:	76513	Allocation:	Rural

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

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:	Central Texas Housing Consortium
	Barbara Bozon - Phone: 2547732009
Developer:	N/A
Housing General Contractor:	N/A
Architect:	Cameron Alread, Architect, Inc.
Market Analyst:	O'Connor & Associates
Syndicator:	N/A
Supportive Services:	Belton Housing Authority
Consultant:	N/A

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	8	28	0	4

Eff	1 BR	2 BR	3 BR	4 BR
0	12	22	6	0

Type of Building: Fourplex

Number of Residential Buildings: 18

Total Restricted Units:	40
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	40
Total Development Cost:	$834,743

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:	$921,513	$797,678	30	30	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Belton Rural Rental Housing, TDHCA Number 05263

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Fraser, District 24 | NC | Points: 0 | US Representative: Carter, District 31, NC

TX Representative: Delisi, District 55 | 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 documentation verifying USDA approval of rent increase of 26% above current "Basic" rent levels.
2. Receipt, review, and acceptance of documentaion verifying USDA approval of the proposed rehabilitation and the Department's proposed parity lien.
3. Should the terms and rates of the poposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2005

Development Information, Public Input and Board Summary

Belton Rural Rental Housing, TDHCA Number 05263

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: $797,678

Recommendation: Recommend approval of a HOME award not to exceed $797,678, structured as a 30-year term loan, fully amortizing over 30 years at 0% interest, 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: October 28, 2005 **PROGRAM:** HOME **FILE NUMBER:** 05263

DEVELOPMENT NAME

Belton Housing Authority Rural Development Housing

APPLICANT

Name:	Central Texas Housing Consortium			**Type:**	Housing Authority		
Address:	PO Box 1326			**City:**	Temple	**State:**	TX
Zip:	76503	**Contact:**	Barbara Bozon	**Phone:**	(254) 773-2009	**Fax:**	(254) 773-1958

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Belton Housing Authority	**(%):**	100	**Title:**	Owner of Applicant and Developer

PROPERTY LOCATION

Location:	Several locations			☐ **QCT**	☐ **DDA**
City:	Belton	**County:**	Bell	**Zip:**	76513

REQUEST

Amount	Interest Rate	Amortization	Term
$834,743	N/A	N/A	N/A

Other Requested Terms: HOME Activity Funds in the form of a grant. Original request was for $921,513.

Proposed Use of Funds: Rehabilitation **Property Type:** Multifamily

Special Purpose (s): Family, Rural, USDA-RD

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $797,678, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of documentation verifying USDA approval of rent increases of 26% above current "Basic" rent levels.
2. Receipt, review, and acceptance of documentation verifying USDA approval of the proposed rehabilitation and the Department's proposed parity lien.
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:	40	**# Rental Buildings**	17	**# Non-Res. Buildings**	1	**# of Floors**	1	**Age:**	19 yrs	**Vacant:**	N/A at / /
Net Rentable SF:	31,630	**Av Un SF:**	791	**Common Area SF:**	1,710	**Gross Bldg SF:**	33,340				

STRUCTURAL MATERIALS

The structure is wood frame on a post-tensioned concrete slab. According to the plans provided in the application the exterior is comprised as follows: 75% brick veneer and 25% siding and wood trim. The interior wall surfaces are drywall and the pitched roof is finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring is vinyl. Each unit will include: range & oven, hood & fan, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters individual heating and air conditioning, and high-speed internet access.

ONSITE AMENITIES

A 1,710-square foot community building includes a furnished community room and a computer/business center. The community building, and picnic table and BBQ grill are located at the middle of the property.

Uncovered Parking: 86 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a 5.86-unit per acre rehabilitation development of 40 units of affordable housing located in Belton. The development was built in 1986 and is comprised of 17 evenly distributed small low-rise duplexes and fourplexes as follows:

- Eleven Building Type A with two two-bedroom/one-bath units;
- Three Building Type B with two three-bedroom/one-bath units; and
- Three Building Type C with four one-bedroom/one-bath units.

Development Plan: The buildings are currently 93% occupied and in fair to good state. The architect's scope of work includes for the exterior: water sub meter, doors, dead bolts, peepholes, screen doors, windows, ridge vent, clean and paint all exterior wood siding; and for the interior: new cabinets and countertops, faucets, supply lines, exhaust hood, electrical outlets in kitchen, lavatories and wood cabinets, tubs and surrounds, showerheads, curtain rods, water closets, medicine cabinets, smoke detectors, refrigerators, ranges, exhaust hoods, interior doors and hardware, closet doors and hardware, hot water heaters, copper lines, relieve valves, raise hot water heaters, washer station boxes, vinyl composition tile, patch, seal, retexture and paint walls and ceilings, light fixtures, outlets in bathrooms, washer/dryer upper cabinets, HVAC system condensing units, furnaces, fan coil units, programmable thermostats, electrical switches, outlets, cover plates, and window blinds on all windows. The rehabilitation will be phased to minimize displacement of current residents.

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: 6.28 acres 273,556 square feet **Flood Zone Designation:** Zone X

Zoning: Multifamily

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Belton is located in central Texas, approximately 42 miles south from Waco in Bell County. The site is an irregularly-shaped parcel located in the western area of Belton, approximately one mile from the central business district.

Adjacent Land Uses:

- **North:** multifamily development;
- **South:** undeveloped land;
- **East:** rural residential; and
- **West:** multifamily development.

Site Access: Access to the property is from the east or west along Avenue H or the north or south from Saunders Street. Access to Interstate Highway 35 is one mile east, which provides connections to all other major roads serving the Killeen-Temple area.

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

Shopping & Services: Shopping centers, 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 September 28, 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 was not included, as USDA-RD-financed projects are not required to submit this report.

POPULATIONS TARGETED

Income Set-Aside: All of the units will be reserved for low-income tenants. Eight of the units (20%) will be reserved for households earning 50% or less of AMGI, 28 units (70%) will be reserved for households earning 60% or less of AMGI, and 4 units (10%) 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	$26,600	$30,400	$34,200	$38,000	$41,050	$44,100

MARKET HIGHLIGHTS

A market feasibility study dated March 30, 2005 was prepared by O'Conner and Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject's primary market area is defined as that area within the City of Belton and the City of Temple" (p. 11). This area encompasses approximately 55 square miles and is equivalent to a circle with a radius of 4.19 miles.

Population: The estimated 2004 population of the primary market area was 90,426 and is expected to increase by 2.3% to approximately 92,526 by 2009. Within the primary market area there were estimated to be 34,324 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 3,803 qualified households in the PMA, based on the current estimate of 34,324 households, the projected annual growth rate of 0.6%, renter income-qualified households estimated at 16.45%, and an annual renter turnover rate of 60% (p. 57). The Market Analyst used an income band of $10,594 to $41,050.

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	52	1.4%	38	1%
Resident Turnover	3,270	86%	4,307	99%
Other Sources: Other and Section 8	481	12.6%	0	N/A
TOTAL ANNUAL DEMAND	**3,803**	**100%**	**4,345**	**100%**

Ref: p. 61

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 3.13% based upon 3,803 units of demand and 119 unstabilized affordable housing in the PMA (including the subject) (p. 62). The Underwriter calculated an inclusive capture rate of 2.7% based upon a supply of unstabilized comparable affordable units of 119 divided by a revised demand of 4,345. However, the subject development is currently 92.5% occupied and it is likely the existing tenants will choose to remain at the property. Therefore, an inclusive capture rate calculation is not a meaningful tool for determining the feasibility of the subject development.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 389 units in the market area (p. 41).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (50%)	$250	$402	-$155	$405	-$155
1-Bedroom (60%)	$308	$420	-$112	$405	-$97
2-Bedroom (50%)	$312	$474	-$162	$500	-$188
2-Bedroom (60%)	$386	$529	-$143	$500	-$114
3-Bedroom (60%)	$453	$685	-$232	$600	-$147
3-Bedroom (80%)	$530	$685	-$155	$600	-$70

(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 occupancy of the comparable rentals included in this study range from 90% to 100%, with a median occupancy of 96.4%. The average occupancy for apartments in the subject's primary market area was reported at 95.4% in the most recent Apartment MarketData survey (February 2005)" (p. 37).

Absorption Projections: "Absorption in the subject's primary market area over the past twelve months ending December 2004 was minimal due to the lack of new construction and the high average occupancy. Village at Meadowbend is the closest recently-constructed HTC project to the subject. Village at Meadowbend began leasing in late 2001 and attained stabilized occupancy in mid to late 2002, which equates to leasing activity of approximately 12 units per month" (p. 37). "Considering the absorption history of similar properties and the available quality affordable units in this market, we project that the subject property will maintain a stabilized occupancy during the rolling renovation" (P. 69).

Known Planned Development: "Based on our research, there is one family affordable housing project (Village at Meadowbend II), a 99-unit project with 79 HTC units, scheduled to begin construction early April 2005) that has been submitted for HTC financing, under construction and no affordable housing project currently approved for construction in the subject's primary market" (p. 62).

Effect on Existing Housing Stock: "Based on the high occupancy levels of the subject property and existing properties in the market, along with the strong recent absorption history, we project that the subject property will have negligible negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration" (p. 69).

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 HOME program guidelines, however the projections are between the USDA "Basic" (minimum) and "Note" (maximum) rent guidelines. The Applicant estimated rent for residents at 50% or below of AMFI as "Basic" rent for residents at or below 60% of AMFI at halfway between the "Basic" and "Note" rents; and rent for residents at or below 80% of AMFI at the "Note" rent level. The Applicant submitted a Housing Authority resolution of rent increases to be implemented as of 10/1/2005. USDA typically does not allow multiple rent limits and any rent above the "Basic" rent is typically applied to additional debt service above that required for the 1% basic interest rate (up to the market rate of interest on the USDA loan). Rent above the "Basic" level is thus not available for additional debt service on new debt. The only way additional income can be generated to service new debt is by increasing the "Basic" rent through the USDA approval process.

The Applicant understated secondary income and utilized a lower vacancy and collection loss rate of 1.3%. As a result, the Applicant's gross income estimate is $34K (17%) higher than the Underwriter's "Basic" rent level estimate. The Underwriter has also estimated a "Basic" rent increase that will allow the proposed TDHCA funds to be serviced at zero percent interest and amortized over 30 years. The required increase in "Basic" rent amounts to a 26% increase. The Underwriter's higher "Basic" rent scenario provides an effective gross income that is only 1% higher than the Applicant's estimate.

Expenses: The Applicant's total expense estimate of $2,708 per unit is 6% lower than the Underwriter's database-derived estimate of $2,883 per unit for comparably-sized developments. The Applicant did not provide a budgeted amount for replacement reserves which accounts for the difference. The Underwriter utilized a replacement reserves estimate of $300 per unit. The Applicant anticipates continuance of a 100% property tax exemption based upon the Housing Authority's ownership of the property.

Conclusion: Due primarily to the difference in rent estimates, the Underwriter's estimated debt coverage ratio (DCR) of 0.44 is less than the program minimum standard of 1.10. In order to achieve a DCR of 1.10 and repay the proposed TDHCA debt at zero percent over 30 years, the development will need to increase "Basic" rents by 26% above the current "Basic" rent levels. USDA approval of rent increases of 26% above the "Basic" rent levels and parity lien is a condition of this report.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land:	$34,100	**Assessment for the Year of:**	2004
Building:	$1,159,370	**Valuation by:**	Bell County Appraisal District
Total Assessed Value:	$1,193,470	**Tax Rate:**	2.8108

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Warranty Deed (4.343 acres)		
Contract Date:	9/ 15/ 1986	**Anticipated Closing Date:**	N/A
Acquisition Cost:	$824,829	**Other Terms/Conditions:**	
Seller:	Howe Construction Company	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: There is no acquisition cost associated with this application for HOME funds for rehabilitation.

Sitework Cost: Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of $214 per unit, which is consistent with the estimate in the proposed work physical condition assessment.

Direct Construction Cost: The Applicant submitted direct construction costs consistent with those presented in the property condition assessment. The assessment was done by a third-party and provided a 30-year proforma of need after the proposed rehabilitation is completed. At the Department's request, the Applicant submitted a unit-by-unit assessment of the repairs required. As a result of the unit-by-unit assessment, the Applicant adjusted the direct construction cost by 10.5% from $731,090 to $654,457. The Department also requested and received an itemized construction cost breakdown corresponding to the planned work schedule in a follow-up submission. As of the date of this report, this follow-up submission has not been approved by USDA, which will also have to be approved in order to allow additional debt to be serviced by the revised "Basic" rents.

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.

Reserves: The Underwriter included $117,138 of USDA-required reserves in the Applicant's total construction cost estimate. The Applicant included no reserves in the sources or uses of funds proposed. The Underwriter has confirmed that the property is currently fully funded in the reserve account and proposes that some of these reserves, approximately $37K, be used to also fund the rehabilitation. The Underwriter estimates that by leaving the remaining $80K in deposit reserves the Applicant will have sufficient funds to manage any short term contingencies and provide a good staring point for rebuilding reserves under the new debt structure.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's estimate because the Underwriter relied upon the scope of work estimate provided by the Applicant's architect. Due to differences in the use of reserves, however, the Underwriter's total costs will be used to size the new HOME debt.

FINANCING STRUCTURE

PERMANENT FINANCING

Source: USDA **Contact:** Jerry Moore

Principal Amount: $1,140,000 original balance **Interest Rate:** 1%

Additional Information: Closed on 9/15/1986, current balance $1,094,512

Amortization: 50 yrs **Term:** 50 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $29,134.56 **Lien Priority:** 1^{st} **Date:** 9/ 15/ 1986

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The subject development received a USDA loan, in the amount of $1,140,000 to fund construction in 1986. This loan has been paid down to $1,094,512 and imposes rent and income restrictions on the property. Any new debt must be approved by USDA. Conversations with USDA and administrators has confirmed their willingness to allow additional debt subject to their review They have also indicated that an increase in the "Basic" rent to allow debt service on the HOME loan may be possible.

HOME: The Applicant is requesting $834,743 in HOME funds in the form of a grant or deferred forgivable loan. According to the Applicant, a grant or deferred forgivable loan is necessary in order to maintain rents at a level affordable to the low-income residents. Based upon conversations with USDA, a loan structure can be achieved as discussed above.

Financing Conclusions: The HOME award amount is below the 221(d)(3) limit for this project. The Department recommends a HOME award of $797,678, structured as a 30-year term loan, fully amortizing over 30 years at 0% interest. Receipt, review, and acceptance of documentation verifying USDA approval of the proposed rehabilitation and the Department's proposed parity lien is a condition of this report.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. This is a common relationship for HOME-funded developments.

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

Financial Highlights:

- The Housing Authority of the City of Belton submitted an audited financial statement as of September 30, 2004 reporting total assets of $3.9M and consisting of $42K in cash, $17K in receivables, $367K in stocks and securities, $117K in restricted funds, $21K in other current assets, $3M in real property, $105K in machinery, equipment, and fixtures, and $251K in construction in progress. Liabilities totaled $1.2M, resulting in a net worth of $2.7M.
- The Housing Authority of the City of Temple submitted an audited financial statement as of September 30, 2004 reporting total assets of $20.1M and consisting of $439K in cash, $80K in receivables, $5.19M in investments, $13M in real property, and $350K in machinery, equipment, and fixtures. Liabilities totaled $3.9M, resulting in a net worth of $16.2M.

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 proforma is more than 5% outside of the Underwriter's verifiable range.
- The significant financing structure changes being proposed have not been reviewed by the Applicant and

lenders and acceptable alternative structures may exist.

Underwriter:	*Brenda Hull*	**Date:**	October 28, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	October 28, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Belton Housing Authority RD Housing, Belton, HOME #05263

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Basic Rent	Note Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
LH/USDA 50%	2	1	1	650	$445	$250	$365	$500	$0.38	$42.60	$38.50
HH/USDA 60%	10	1	1	650	463	$250	$365	2,500	0.38	42.60	38.50
LH/USDA 50%	6	2	1	811	535	$312	$460	1,872	0.38	61.50	42.70
HH/USDA 60%	16	2	1	811	590	$312	$460	4,992	0.38	61.50	42.70
HH/USDA 60%	2	3	1	998	769	$375	$530	750	0.38	84.30	48.20
HH/USDA 80%	4	3	1	998	769	$375	$530	1,500	0.38	84.30	48.20
TOTAL:	40		AVERAGE:	791	$570	$303	$442	$12,114	$0.38	$59.25	$42.27

INCOME	Total Net Rentable Sq Ft:	31,630		Basic +26%	TDHCA - Basic	APPLICANT	Comptroller's Region		8
POTENTIAL GROSS RENT				$183,356	$145,368	$175,848		IREM Region	
Secondary Income		Per Unit Per Month:	$5.00	2,400	2,400	972	$2.03	Per Unit Per Month	
Other Support Income:				0	0	0			
POTENTIAL GROSS INCOME				$185,756	$147,768	$176,820			
Vacancy & Collection Loss		% of Potential Gross Income:	-5.00%	(9,288)	(7,388)	(2,316)	-1.31%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0	0			
EFFECTIVE GROSS INCOME				$176,468	$140,380	$174,504			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT				PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.72%	$208	0.26	$8,332	$8,332	$7,903	$0.25	$198	4.53%
Management	0.00%	0	0.00	0	0	0	0.00	0	0.00%
Payroll & Payroll Tax	30.70%	1,354	1.71	54,168	54,168	55,816	1.76	1,395	31.99%
Repairs & Maintenance	8.23%	363	0.46	14,527	14,527	16,862	0.53	422	9.66%
Utilities	1.06%	47	0.06	1,879	1,879	2,000	0.06	50	1.15%
Water, Sewer, & Trash	10.68%	471	0.60	18,849	18,849	19,679	0.62	492	11.28%
Property Insurance	3.16%	140	0.18	5,584	5,584	6,041	0.19	151	3.46%
Property Tax	0.00%	0	0.00	0	0	0	0.00	0	0.00%
Reserve for Replacements	6.80%	300	0.38	12,000	12,000	0	0.00	0	0.00%
Other:	0.00%	0	0.00	0	0	0	0.00	0	0.00%
TOTAL EXPENSES	65.36%	$2,883	$3.65	$115,339	$115,339	$108,301	$3.42	$2,708	62.06%
NET OPERATING INC	34.64%	$1,528	$1.93	$61,129	$25,040	$66,203	$2.09	$1,655	37.94%
DEBT SERVICE									
USDA	16.42%	$725	$0.92	$28,982	$28,982	$29,134	$0.92	$728	16.70%
HOME Funds	15.77%	$696	$0.88	27,825	27,825		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0		$0.00	$0	0.00%
NET CASH FLOW	2.45%	$108	$0.14	$4,322	($31,767)	$37,069	$1.17	$927	21.24%
AGGREGATE DEBT COVERAGE RATIO				1.08	0.44	2.27			
RECOMMENDED DEBT COVERAGE RATIO				1.10	0.45				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0	$0	$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		0.94%	214	0.27	8,578	8,578	0.27	214	0.90%
Direct Construction		71.54%	16,361	20.69	654,457	654,457	20.69	16,361	68.75%
Contingency	3.02%	2.19%	500	0.63	20,000	20,000	0.63	500	2.10%
General Req'ts	5.33%	3.87%	884	1.12	35,367	35,367	1.12	884	3.72%
Contractor's G & A	2.00%	1.45%	332	0.42	13,261	13,261	0.42	332	1.39%
Contractor's Profit	5.70%	4.13%	946	1.20	37,825	37,825	1.20	946	3.97%
Indirect Construction		7.13%	1,631	2.06	65,255	65,255	2.06	1,631	6.86%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		0.00%	0	0.00	0	0	0.00	0	0.00%
Reserves		8.75%	2,002	2.53	80,073	117,138	3.70	2,928	12.31%
TOTAL COST		100.00%	$22,870	$28.92	$914,816	$951,881	$30.09	$23,797	100.00%
Recap-Hard Construction Costs		*84.11%*	***$19,237***	***$24.33***	***$769,488***	***$769,488***	***$24.33***	***$19,237***	*80.84%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
USDA	0.00%	$0	$0.00	$0	$0	$0	Developer Fee Available
HOME Funds	91.25%	$20,869	$26.39	834,743	834,743	797,678	$0
Exisiting Reserves	0.00%	$0	$0.00	0	0	117,138	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0	0	
Additional (Excess) Funds Req'd	8.75%	$2,002	$2.53	80,073	117,138	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$914,816	$951,881	$914,816	$136,237

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Belton Housing Authority RD Housing, Belton, HOME #05263

PAYMENT COMPUTATION

Primary	$1,140,000	Amort	600
Int Rate	1.00%	DCR	2.11

Secondary	$834,743	Amort	360
Int Rate	0.00%	Subtotal DCR	1.08

Additional	$0	Amort	
Int Rate		Aggregate DCR	1.08

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$28,982
Secondary Debt Service	26,589
Additional Debt Service	0
NET CASH FLOW	$5,557

Primary	$1,140,000	Amort	600
Int Rate	1.00%	DCR	2.11

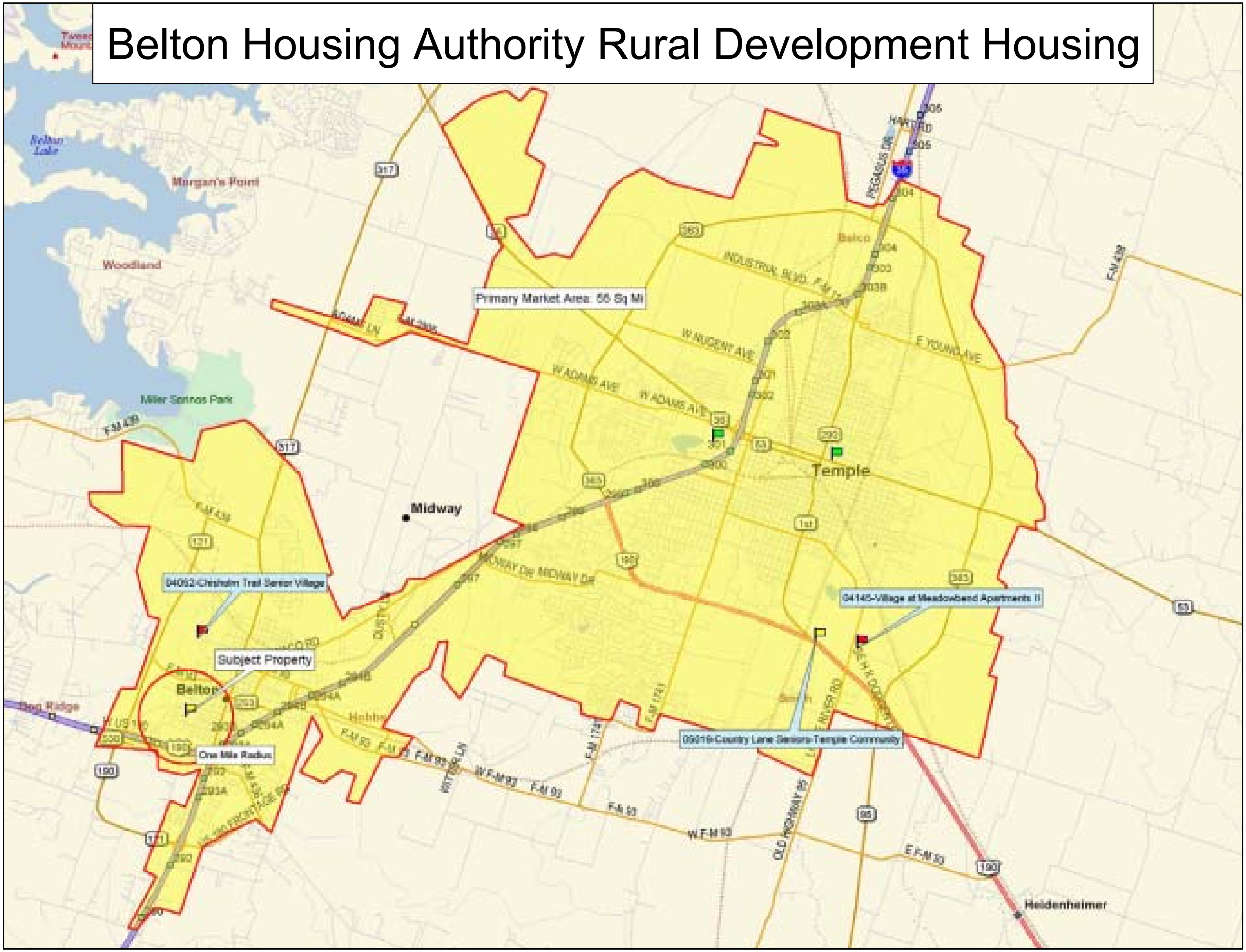
Secondary	$797,678	Amort	360
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$0	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	$183,356	$188,857	$194,522	$200,358	$206,369	$239,238	$277,342	$321,516	$432,090
Secondary Income	2,400	2,472	2,546	2,623	2,701	3,131	3,630	4,208	5,656
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	185,756	191,329	197,069	202,981	209,070	242,369	280,973	325,724	437,746
Vacancy & Collection Loss	(9,288)	(9,566)	(9,853)	(10,149)	(10,453)	(12,118)	(14,049)	(16,286)	(21,887)
Employee or Other Non-Rental Ui	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$176,468	$181,762	$187,215	$192,832	$198,616	$230,251	$266,924	$309,438	$415,859
EXPENSES at 4.00%									
General & Administrative	$8,332	$8,666	$9,012	$9,373	$9,748	$11,859	$14,429	$17,555	$25,985
Management	0	0	0	0	0	0	0	0	0
Payroll & Payroll Tax	54,168	56,335	58,588	60,932	63,369	77,098	93,801	114,124	168,931
Repairs & Maintenance	14,527	15,108	15,713	16,341	16,995	20,677	25,156	30,606	45,305
Utilities	1,879	1,954	2,032	2,114	2,198	2,674	3,254	3,959	5,860
Water, Sewer & Trash	18,849	19,603	20,387	21,203	22,051	26,828	32,640	39,712	58,783
Insurance	5,584	5,807	6,040	6,281	6,532	7,948	9,670	11,765	17,415
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$115,339	$119,953	$124,751	$129,741	$134,931	$164,164	$199,731	$243,003	$359,703
NET OPERATING INCOME	$61,129	$61,809	$62,464	$63,090	$63,686	$66,087	$67,193	$66,435	$56,155
DEBT SERVICE									
First Lien Financing	$28,982	$28,982	$28,982	$28,982	$28,982	$28,982	$28,982	$28,982	$28,982
Second Lien	26,589	26,589	26,589	26,589	26,589	26,589	26,589	26,589	26,589
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$5,557	$6,238	$6,892	$7,519	$8,114	$10,515	$11,622	$10,864	$584
DEBT COVERAGE RATIO	1.10	1.11	1.12	1.14	1.15	1.19	1.21	1.20	1.01

Belton Housing Authority Rural Development Housing



Applicant Evaluation

Project ID # **05263** Name: **Belton Housing Authority** 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: 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: 10

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

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Items

Consideration of an award of a Housing Trust Fund Predevelopment Loan.

Required Action

Approve or deny the funding recommendation for a Housing Trust Fund Predevelopment Loan to Acres Homes Community Development Corporation.

Background

In July 2002 the Department awarded a contract to Texas Community Capital to administer the Housing Trust Fund Predevelopment Loan program. The contract ran through August 2005 and made available approximately $500,000 for predevelopment loans to nonprofit applicants. Under the contract agreement, Texas Community Capital is responsible for processing applications, underwriting and making recommendations for awards to the Department. Housing Trust Fund staff reviews recommendations for consistency with the Department's rules and statutes. At the April, 2005 Board meeting, the Board requested that staff bring all future awards before them for consideration. The award presented in this action item is the fourth application to be presented to the Board for consideration under the Texas Community Capital contract. The Board previously awarded $158,200 to three applicants. Three additional applications processed by Texas Community Capital will still be provided to the Board in December 2005 and will represent the final awards made under this contract.

Summary of Applicant

#853200-04 – Acres Homes Community Development Corporation – Houston - for $50,000

Acres Homes CDC (AHCDC) was founded in 1990 and has completed three previous affordable housing developments. The organization has developed 22 single-family homes and rehabilitated 6 homes in inner city neighborhoods in Houston, Texas. AHCDC has developed strong ties with the residents of the neighborhoods they work in by providing homebuyer education services and other community services.

AHCDC has submitted a proposal for Wilburforce Estates to develop 42 new single-family homes to be made available for homeownership on eight acres. The development is located at 1800 Wilburforce in the City of Houston, Harris County Texas. AHCDC originally submitted a proposal that requested a $100,000 predevelopment loan associated with 42 total units, all of which were to be made available to families at or below 80% AMFI. Subsequently, AHCDC revised their request to improve the feasibility of their proposal. The revised request is for a $50,000 loan; while there will still be 42 total units, only half of those units (21) will be made available to families at or below 80% AMGI. The remaining 21 units will be made available for families between 80% and 100% AMGI.

The estimated total development costs will be $6,096,602. The applicant proposes that the development will be partially funded through the City of Houston's Contract Participation Program, utilizing non-federal dollars for new construction of affordable housing. The program provides reimbursement for 70% of construction cost and 100% of design cost for water and/or wastewater lines associated with single family developments. The Applicant also cited City of Houston HOME funds and a congressional appropriation as possible sources for permanent financing. The city of Houston's HOME program is currently rebuilding its program and is anticipated to be financing single family development in the near future, however at this time those funds have not been committed to the applicant. The congressional appropriation for the development was sponsored by Congresswoman Sheila Jackson-Lee and was approved by Congress in July 2005 for $400,000. Additional public and private financing has yet to be identified. The predevelopment loan will cover the cost of engineering reports required to acquire final commitments from the City of Houston's Contractor Participation Program and from other funders. AHCDC will be using its current investment in land and other predevelopment expenses as match to the predevelopment loan.

Staff has worked with both TCC and AHCDC in revising many aspects of the original funding request. Staff requested that the loan request be revised to $50,000 as noted earlier, based on the fact that only 50% of the households to be served would qualify for funding (80% AMFI) under the HTF rules. Attached to this recommendation is the original underwriting analysis completed by TCC, and follow-up letters clarifying the source of funding to the Contract Participation Program, number of units to be built and funding request. As previously noted, funding through the City of Houston is still being processed.

AHCDC has demonstrated sufficient experience through the successful completion of previous affordable housing developments. Their staff and board of directors also show significant experience and knowledge in housing development, and the organization receives additional technical assistance through the Local Initiatives Support Corporation, a national nonprofit intermediary. ADCDC is able to provide collateral in the form of a cash reserve or a lien against real property to cover the note in the event of default.

Recommendation

Staff recommends that the Board approve a loan in the amount of $50,000 with an interest rate of 0%. The repayment of the loan will be due in full upon closing of permanent financing or 2 years from the date of the predevelopment loan closing, whichever comes first. The award will be conditioned upon approval of a final budget. The Department will require that all homes be constructed to meet Texas Minimum Construction Standards and that a minimum of 21 homes be sold to persons at or below 80% AMFI.

If this award is approved, Texas Community Capital will have awarded approximately $208,000 in predevelopment loans over the past year. The remaining balance on the contract is approximately $292,000.

Applicant Evaluation

Project ID # **853200-03** Name: **Acres Homes Community Develop** 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: 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: 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 Patricia Murphy Date 4/29/2005

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		Reviewer	
Date	5 /2 /2005	Date		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	5 /3 /2005

Executive Director: Edwina Carrington **Executed:** Monday, May 09, 2005

AHCDCorp

July 25, 2005

TO: Texas Department of Housing and Community Affairs
Housing Trust Fund

FR: Brenda Lakey
Acres Homes Community Development Corporation

Re: Predevelopment Loan Fund Application Outstanding Issues

Affordable Housing Target:

In the Wilburforce Estate affordable housing project Acres Homes Community Development Corporation will target to sell 50% of the homes to families at 80% of median income and below.

Number of units proposed: 42

Number of units targeted for 80% of median income and below: 21

Funds Requested:

Loan Amount Request: $ 50,000

Brenda Lakey

Regards,

ACRES HOMES COMMUNITY DEVELOPMENT CORPORATION
"ACRES HOMES WORKS"
6719 W. Montgomery Rd., Suite 223 ~ Houston, TX 77091 ~ Phone: (713) 692-1155 Fax: (713) 692-2151
acreshomescdc@aol.com

CITY OF HOUSTON

Housing and Community Development Department

Bill White
Mayor

Milton Wilson, Jr.
Director
Housing and Community
Development Department
601 Sawyer Street, 4th Floor
Houston, Texas 77007

Telephone – 713.868.8300
Fax – 713.868-8343
www.cityofhouston.gov

August 3, 2005

Ms. Debra Sanchez Reed
Loan Underwriter, Texas Community Capital
L. Lowell Byrd Memorial Educational and
1021 East 7th, Suite 104
Austin, Texas 78702

Dear Ms. Reed:

The City of Houston, Housing and Community Development Department (HCDD) is committed to working with Acres Homes Community Development Corporation (CDC) in the development of affordable housing. Acres Homes CDC is currently working with the Department of Public Works and Engineering in the completion of the Developer Participation Program 's application for the Wilburforce Estate Project. This Program is funded by the City of Houston, utilizing non-federal dollars for new construction of affordable housing.

I offer my support to Acres Homes CDC and wish the organization the best in securing funds for the Wilburforce Estate Project.

Sincerely,

Milton Wilson, Jr.
Director

MW:RFW

TDHCA-Housing Trust Fund Predevelopment Loan Fund Program
Administered by Texas Community Capital

CREDIT RECOMMENDATION

PROJECT OVERVIEW			
Project Name:	**Wilburforce Estates**		
Development Location:	1800 Wilburforce, Houston , TX		
Applicant Name:	**Acres Homes Community Development Corporation**		
Applicant Address:	6719 W. Montgomery Road, Suite 223 Houston , TX 77091		
Organizational Type:	501(c) 3 corporation (IRS letter attached)		**Date of Incorp.** Dec 1991
	Tax ID #: 76-0340110		**Number of FTEs:** 3
	Annual OP Budget:		**Total Assets:** at 1/31/2005 $136,369
Contact Person:	Brenda Lakey		**Title:** Executive Director
	Phone:	(713) 692-1155	
	Fax:	(713) 692-2151	**Email:** acreshomescdc@aol.com
Type of Loan:	Pre-development		
Loan Request:	**$100,000 for 30** months. Interest Free.		
Use of Loan Funds:	The full loan amount will by used to help cover engineering costs estimated at $120,000. A copy of the engineering scope of work /bid from Weisser Engineering is attached.		
Target Population:	All ~~45~~ 42 homes will be marketed to families at or below 80% of median family income per HUD guidelines. The project is located in a community with that is 24% Hispanic and 58% African American.		
Total No. Of Units:	42 (this is a recent change from the original plan to build 45)		

Low income (80% AMI)	32	Market Rate:	
Very Low income (60% AMI)	8	Elderly:	2
Extremely Low Income (30% AMI)		Other:	
Guaranteed set-asides for the target population?		All units	
Project Description:	Wilburforce Estates is an 8-acre tract of land being developed into 45 lots for affordable single-family homes in inner-city Houston. Homes will be pre-sold to low-income families. The project is supported by the City of Houston.		

Project Status	AHCDC has site control and has completed a Phase I environmental assessment. (Results of the assessment were provided in the original loan package.) The next step is engineering work to determine final construction costs. Engineering work has already begun on the project with the engineering firm aware that funds for payment are not immediately available. With final construction costs in hand, ACRES will be able to finalize contracts with home builders that will build the homes and ACRES will be able to price and pre-sale homes. Once 11 homes are presold, the City of Houston will reimburse ACRES for 100% of the engineering costs (estimated at $120k) under the Contract Participation Program. **The predevelopment loan will be repaid with these funds within 180 days of meeting the City's 11 home presale requirement.** The City will also cover 70% of sewer, storm, and wastewater construction. Total estimated funding under the Contract Participation Program is $281,151. The applicant needs another $580,000 for land development and expects to receive $350k in HOME funds (grant) from the City of Houston within the next 180 days. A congressional allocation in the amount of $400k is also expected. A mock check has been presented to ACRES for the $400k and they are waiting for the official award and funds. ACRES has also had favorable discussions with Southwest Bank of Texas, LISC, and Whitney Bank for any gap-financing they may need.

Total Project Budget:	$6.1 million	**Target Completion Date: (occupancy)**	July 2006
Pre-Development/Pre Construction Budget:		$685,863	

Form of Match and Amount:	Match requirement is 5% of $100k = $5000. The match requirement is met by prior expenditures for land. A copy of the land title was included in the original loan package. A copy of the purchase transaction from American Title Company is attached, showing cash from borrower in the amount of $26,069. The land carries a note of $92,000
Available Collateral:	Please see attached valuation of property by OTI Properties, which values the land at between $172,240 and $212,482. The land carries a note of $92,000. The collateral value is thus, in the range of $80,000 to $110,000.
Loan Guarantee:	None
Other Loans Requests:	None
Prior TDHCA Pre-development Loans	None
Prior TDHCA Loans	None

Borrower Ownership Structure:	
Ownership Entity Type:	501(c) 3
Name if Different from Borrower:	n/a
Partnership Info, if Applicable:	no partners
General Partner:	n/a
Partners and Interest in Project:	n/a

Borrower and Partner Background and Experience:

Acres Homes CDC (AHCDC), was founded in 1990 and currently has 3 staff members, an Executive Director, Housing Program Mgr and Administrative Assistant. Executive Director, Brenda Lakey, has been with the organization for almost 10 years.

AHCDC has completed three housing development projects. The first two projects resulted in new construction of 22 single-family home. A third project moved six homes t into the community and then rehabilitated them. AHCDC identified buyers, provided homebuyer education, and identified resources to help borrowers through the mortgage approval process.

Housing Program Manager, Mr. Brown, has more than 30 years of experience in the area of Community and Economic Development. Mr. Brown has developed and/or has been a part of the development teams that have developed over 338 multi-family apartment dwellings for low to moderate income families. Mr. Brown has been a staff member of AHCDC for 1½ years.

Development Team:		
Team Role	*Name/Contact Info*	*Prior Relationship with Borrower?*
General Contractor	Pat Austin 713-682-5809	Yes
Architect/Designer		
Development Consultant	Gloria Sanderson –LISC	Yes
Property Manager		
Attorney	Paula Narcisse	Yes
Real Estate Inspector		
Surveyor	Gary Chevellia - Weisser Eng.	Yes
Lender	Brian Stoker – SW Bk of Tx 713-232-1740	Yes
Housing Consultant		
Engineer	Gary Chevellia - Weisser Eng.	Yes
Accountant	Roy B. Fisher - 281-537-6120	Yes

Development Team Background and Experience:

Development Team members have provided technical assistance, loan funds, grants, engineering, legal, and accounting support to the current and previous ACRES Homes CDC development projects.

PROJECT FINANCIAL SUMMARY				
TOTAL BUDGET				
Use:	$ Amount	%	Funding Source 1	Funding Source 2
Pre-Development **	$ 120,730	1.99	TDHCA	AHCDC
Pre-Construction **				
Purchase Land and Buildings				
Acquisition -Land	$ 200,000	3.28	Amegy (fmr SWBk Tx)	AHCDC
Acquisition -Building				
Site Work				
On-Site Work				
Of-site work (ie. streets , curbs)	$ 699,199	11.47	Lender	City of Houston
Rehab/Construction				
Rehabilitation Costs				
New Construction	$ 4,140,000	67.91	Builder	
Construction Contingency (_10__%)	$ 414,000	6.79	Builder	
Other Depreciable (FFE)				
Professional Fees (not included in pre-development or pre-construction budget)				
Architect Design/Supervision				
Impact Fees	$ 46,000	.75	Lender	
Engineering				
Accounting/RE Attorney				
Consulting				
Other Contingency	$ 16,673	.27	Lender	
Other Professional				
Developer's Fees				
Developer's Fees	$ 460,000	7.55	Lender	
General Partner's Fees				
Interim Costs				
Construction Interest				
Construction Loan Fee				
Insurance, Title, etc.				
Taxes, Performance Premium, etc.				
Permanent Financing Fees				
Start-up Expenses				
Organizational				
Marketing				
Syndication costs				
Project Reserves				
Other Costs				
Total Project Budget:	$ 6,096,602	100%	Per Unit Cost: $ 134,534	

Reasons for Support/ Risks

- ✓ Applicant meets borrower eligibility requirements.
- ✓ The loan is consistent with TDHCA Predevelopment Loan Program objectives.
- ✓ Application is complete and all application requirements have been fulfilled.
- ✓ Applicant BOD resolution provided.
- ✓ Signatory authority provided
- ✓ Proof of match provided
- ✓ Applicant demonstrates site control
- ✓ The applicant is requesting funds for a feasible project.
- ✓ There is sufficient collateral to cover the note in the event of default
- ✓ All other terms, conditions, and requirements of the loan have been or will be met by closing.

1) Social Impact

Project is 100% reserved for low-income persons at or below 80% AMI.

Number of housing units produced and/or improved	42
Percent of local population at 80% MAI or below	n/a
Percent of local population Hispanic, African American, or other minority	85%
Jobs created or retained by project	50
Homeownership opportunities created	45
Amount of other funding leveraged	$248,000

2) Borrower Capacity and Financial Position

The applicant provided audited financial statements for 2002 and 2003 and YE financials for 2004. The agency is financially sound, with no audit findings. DAFC's cash position is good. Total assets are $432,800 with liabilities of $277,500. ACRES has an annual operating budget of about $200,000, a majority of which is related to personnel costs associated with housing construction and rental housing related expenses. Annual salary expense is about $112,000. The agency showed a significant net asset gains in 2002. In 2003, expenses exceed revenues by $29,000 and in 2004, the agency had near breakeven performance of $1,846 in positive change in net assets. Most of the agency's revenues are from income earned from housing sales and rental income. ACRES has an excellent current ratio at positive 76.

3) Loan Grade (1 = Highest rating)

The applicant received the high "B" score. The applicant has limited resources, but appear to be financially sound and well managed.

Loan Grade:	Grade
Ability to Pay	2
Financial Condition	2
Management Ability	1
Collateral & Guarantors	2
TOTAL	7 = "B"

A (4-6); B (7-9); C (10-13); D (14-16)

3) **Likelihood of Permanent Financing**

ACRES Homes is an experienced developer and will use local homebuilders to cover construction costs, a method that has been successful in previous projects. ACRES has raised funding to purchase lots and is in the process of securing financing for site development. The likelihood of securing City of Houston funds for engineering and sewer costs is excellent. The likelihood of securing $35k in City of Houston HOME Funds (grant) is better than 50%, as the mayor has endorsed the project. Congressional funds of $400k (grant) have been promised and publicly announced. If these sources fail, ACRES Homes has debt options with local bankers.

4) **Risks and Mitigating Factors**

There is some risk, as the project is still in the development stage. Agreement with the builder and the City are not yet formalized, but cannot be completed until the engineering studies are complete and this is what the loan funds will be used for. In the event of default, ACRES Homes does have sufficient collateral in the land to cover the loan.

Recommendation:

A loan in the amount of $100,000 is recommend, to be secured by the equity value of the land for the project.

Attachments: Financial Spreadsheet

Texas Community Capital Loan Grading for ACRES Homes CDC.

The Four Factors Used in Loan Grading
The following factors are used to rate the loan: (1) ability to pay, (2) financial condition, (3) management capacity, and (4) collateral. Each of these factors is scored 1 through 4, with 1 being the best score possible and 4 being the worst score possible.

As a policy, TCC will not underwrite a loan with a total score greater than 13.

Use the score that has the most relevant characteristics to grade the loan.

Loan Grade:	Grade
Ability to Pay	2
Financial Condition	2
Management Ability	1
Collateral & Guarantors	2
TOTAL	7 = "B"

A (4-6); B (7-9); C (10-13); D (14-16)

I. Ability to Pay

The ability to pay is primarily an income statement factor. It is a measure of the organization's ability to generate revenues that exceed expenses, sufficient cash flows to service debts, and meet all internal needs for cash while continuing routine operations.

Score Description

1
- Organization has an excellent track record of servicing debt based on recent credit report findings.
- Organization has adequate cash flows to service debt based on projections provided by the applicant for the project.
- Organization has no debt.
- Project equity is 20% or more.
- Take-out financing is evidenced by written letters of commitment.
- Organization has a good borrowing history with TCC /TDHCA
- *Loan is current and payments are on time.*

2
- **Organization has adequate cash flows to service debt.**
- Organization has a good track record of servicing debt based on recent credit report findings.
- Project equity is 10 - 20%.
- Written letters of interest for take-out financing have been provided. Applicant has applied for permanent financing.
- *Loan is current but payments are frequently 10 days past due.*

3
- Organization's ability to generate sufficient cash flows to service existing debt and the loan being rated is questionable.
- Project equity is less than 10%.

- Take-out financing is questionable with only verbal statement of interest.
- *Loan is not current and payment is less than or equal to 30 days past due.*

4

- Organization will not be able to make loan payments. TCC will have to rely on collateral to repay debt or at least part of the debt will have to be charged off.
- No project equity.
- There will be no take-out financing.
- Loan is not current and payment is more than 30 days past due.

II. Financial Condition

Financial condition is a measure of the financial strength of the organization as shown on the balance sheet. It is a measure of liquidity, capital, and leverage. Indicators used to rate this factor include working capital, the current ratio, and the debt to worth ratio.

Score Description

1

- *Debt to equity ratio is decreasing/improved.*
- ***Current ratio greater than 1.***
- Net worth at least 10% of net assets.
- Fund balance is stable or increasing.

2

- *Debt to equity ratio is stable.*
- *Current ratio between .80 - 1.*
- **Fund balance is stable.**

3

- *Debt to equity ratio is fluctuating.*
- *Current ratio between .60- .79.*
- Fund balance fluctuations are explained in the auditor's notes or by the applicant.

4

- *Debt to equity ratio is increasing.*
- *Current ratio less than .60.*
- Fund balance is declining or at a deficit.

III. Management Ability

Management ability includes staff experience, seasoned Board of Directors, commitment of Executive Director/President, strength and depth of technical assistance offered by the Development Team, if applicable. In general, it is to measure the organization's understanding of finance and financial planning, ability to operate the business by following a business plan, leadership, organization skills, and backup management succession.

Score Description

1

- **<u>Executive Director has been in the field and/or part of the current organization for at least 5 years.</u>**
- **<u>Executive Director has prior experience with 2 or more similar projects.</u>**
- **<u>Development Team is competent with a good track record for managing this type of project.</u>**
- **<u>Applicant produces good quality financial statements on time and operates under a financial plan and budget.</u>**

2

- Executive Director has been in the field and/or part of the current organization for at least 2 years.
- Executive Director has prior experience with at least one similar project.
- Development Team is competent with a good track record for managing this type of project.
- Applicant produces financial statements on time and operates under a financial plan and budget.

3

- Executive Director has been in the field and/or part of the current organization fewer than 2 years.
- Executive Director has no prior experience with similar projects.
- Development Team lacks appropriate experience or is inexperienced.
- Applicant produces financial statements on an irregular basis.
- *The project/organization is experiencing problems.*

4

- Lacks Executive Director and/or has an interim director.
- Lacks Development Team but seeking one.
- Produces no financial statements, financial plan, or annual budget and unable to manage its financial resources.
- *The project is not performing. There are known and serious organizational shortcomings. The loan is in workout.*

IV. Collateral and Guarantors

The rating of collateral and guarantors determines the degree to which TCC can rely on collateral and guarantors to pay the loan, should the primary sources of repayment not materialize. *Loan-to-Value is the ratio of money borrowed to fair market value of collateral.*

Score Description

1

- Collateral and guarantor positions are undoubtedly sufficient to pay the loan such as having first mortgage position (lien) or liquid assets in the form of CD's and securities and/or applicant is guaranteeing the loan and demonstrates financial capacity to repay the note.
- *Loan-to-Value range from 0% to 80%.*

2

- **<u>Collateral is sufficient, such as having second mortgage position (lien), so that even under foreclosure conditions TCC will probably not have to charge off any of the loan and/or applicant is guaranteeing the loan and demonstrates financial capacity to repay the note.</u>**
- Loan will be contingent upon notice of permanent financing.

- *Loan-to-Value range from 81% to 100%.*

3

- Collateral is insufficient although loan is secured and/or applicant is guaranteeing the loan, but does not demonstrates financial capacity to repay the note.
- *Loan-to-Value range from 101% to 120%.*

4

- Collateral is insufficient for loan and/or no guarantees are offered by the applicant.
- Organization may or may not be able to repay loan.
- *Loan-to-Value is greater than 121%.*

Calculating the Grade

The grading system is totally dependent on how the four factors are scored. To arrive at the final grade for the loan, follow the steps described below:

1. Add the scores given to the four factors		Category
• A score of 4 to 6 infers an A	⇒	Excellent
• A score of 7 to 9 infers B	⇒	Good
• A score of 10 to 13 infers C	⇒	Average
• A score of 14 to 16 infers D	⇒	Poor

2. This step gives a tentative grade. Take a close look at the four factors to check that they have been correctly scored.

In addition, there are a few rules that should also be included:

- A loan that has weakened to the point that TCC is dependent on collateral or guarantors as its source of repayment must be graded D. If the dependence is problematical, the score should be on the watchlist.
- If during the grading process definable weaknesses are detected that cause the credit to be scored a weak C, then write a memo putting the loan on the watch list.

If a credit being reviewed is found to be in an improving situation that scores a solid C, the loan should come off the watch list.

TDHCA-Housing Trust Fund Predevelopment Loan Fund Program
Administered by Texas Community Capital

CREDIT RECOMMENDATION

PROJECT OVERVIEW			
Project Name:	**Wilburforce Estates**		
Development Location:	1800 Wilburforce, Houston , TX		
Applicant Name:	**Acres Homes Community Development Corporation**		
Applicant Address:	6719 W. Montgomery Road, Suite 223 Houston , TX 77091		
Organizational Type:	501(c) 3 corporation (IRS letter attached)		**Date of Incorp.** Dec 1991
	Tax ID #: 76-0340110		**Number of FTEs:** 3
	Annual OP Budget:		**Total Assets:** at 1/31/2005 $136,369
Contact Person:	Brenda Lakey		**Title:** Executive Director
	Phone:	**(713) 692-1155**	
	Fax:	**(713) 692-2151**	**Email:** acreshomescdc@aol.com
Type of Loan:	Pre-development		
Loan Request:	**$100,000 for 30 months. Interest Free.**		
Use of Loan Funds:	The full loan amount will by used to help cover engineering costs estimated at $120,000. A copy of the engineering scope of work /bid from Weisser Engineering is attached.		
Target Population:	All 45 homes will be marketed to families at or below 80% of median family income per HUD guidelines. The project is located in a community with that is 24% Hispanic and 58% African American.		
Total No. Of Units:	42 (this is a recent change from the original plan to build 45)		

Low income (80% AMI)	**32**	**Market Rate:**	
Very Low income (60% AMI)	8	**Elderly:**	2
Extremely Low Income (30% AMI)		**Other:**	
Guaranteed set-asides for the target population?		**All units**	
Project Description:	Wilburforce Estates is an 8-acre tract of land being developed into 45 lots for affordable single-family homes in inner-city Houston. Homes will be pre-sold to low-income families. The project is supported by the City of Houston.		

Project Status	AHCDC has site control and has completed a Phase I environmental assessment. (Results of the assessment were provided in the original loan package.) The next step is engineering work to determine final construction costs. Engineering work has already begun on the project with the engineering firm aware that funds for payment are not immediately available. With final construction costs in hand, ACRES will be able to finalize contracts with home builders that will build the homes and ACRES will be able to price and pre-sale homes. Once 11 homes are presold, the City of Houston will reimburse ACRES for 100% of the engineering costs (estimated at $120k) under the Contract Participation Program. **The predevelopment loan will be repaid with these funds within 180 days of meeting the City's 11 home presale requirement.** The City will also cover 70% of sewer, storm, and wastewater construction. Total estimated funding under the Contract Participation Program is $281,151. The applicant needs another $580,000 for land development and expects to receive $350k in HOME funds (grant) from the City of Houston within the next 180 days. A congressional allocation in the amount of $400k is also expected. A mock check has been presented to ACRES for the $400k and they are waiting for the official award and funds. ACRES has also had favorable discussions with Southwest Bank of Texas, LISC, and Whitney Bank for any gap-financing they may need.

Total Project Budget:	$6.1 million	**Target Completion Date: (occupancy)**	July 2006
Pre-Development/Pre Construction Budget:		$685,863	

Form of Match and Amount:	Match requirement is 5% of $100k = $5000. The match requirement is met by prior expenditures for land. A copy of the land title was included in the original loan package. A copy of the purchase transaction from American Title Company is attached, showing cash from borrower in the amount of $26,069. The land carries a note of $92,000
Available Collateral:	Please see attached valuation of property by OTI Properties, which values the land at between $172,240 and $212,482. The land carries a note of $92,000. The collateral value is thus, in the range of $80,000 to $110,000.
Loan Guarantee:	None
Other Loans Requests:	None
Prior TDHCA Pre-development Loans	None
Prior TDHCA Loans	None

Borrower Ownership Structure:	
Ownership Entity Type:	501(c) 3
Name if Different from Borrower:	n/a
Partnership Info, if Applicable:	no partners
General Partner:	n/a
Partners and Interest in Project:	n/a

Borrower and Partner Background and Experience:

Acres Homes CDC (AHCDC), was founded in 1990 and currently has 3 staff members, an Executive Director, Housing Program Mgr and Administrative Assistant. Executive Director, Brenda Lakey, has been with the organization for almost 10 years.

AHCDC has completed three housing development projects. The first two projects resulted in new construction of 22 single-family home. A third project moved six homes t into the community and then rehabilitated them. AHCDC identified buyers, provided homebuyer education, and identified resources to help borrowers through the mortgage approval process.

Housing Program Manager, Mr. Brown, has more than 30 years of experience in the area of Community and Economic Development. Mr. Brown has developed and/or has been a part of the development teams that have developed over 338 multi-family apartment dwellings for low to moderate income families. Mr. Brown has been a staff member of AHCDC for 1½ years.

Development Team:		
Team Role	***Name/Contact Info***	***Prior Relationship with Borrower?***
General Contractor	Pat Austin 713-682-5809	Yes
Architect/Designer		
Development Consultant	Gloria Sanderson –LISC	Yes
Property Manager		
Attorney	Paula Narcisse	Yes
Real Estate Inspector		
Surveyor	Gary Chevellia - Weisser Eng.	Yes
Lender	Brian Stoker – SW Bk of Tx 713-232-1740	Yes
Housing Consultant		
Engineer	Gary Chevellia - Weisser Eng.	Yes
Accountant	Roy B. Fisher - 281-537-6120	Yes

Development Team Background and Experience:

Development Team members have provided technical assistance, loan funds, grants, engineering, legal, and accounting support to the current and previous ACRES Homes CDC development projects.

PROJECT FINANCIAL SUMMARY				
TOTAL BUDGET				
Use:	$ Amount	%	Funding Source 1	Funding Source 2
Pre-Development **	$ 120,730	1.99	TDHCA	AHCDC
Pre-Construction **				
Purchase Land and Buildings				
Acquisition -Land	$ 200,000	3.28	Amegy (fmr SWBk Tx)	AHCDC
Acquisition -Building				
Site Work				
On-Site Work				
Of-site work (ie. streets , curbs)	$ 699,199	11.47	Lender	City of Houston
Rehab/Construction				
Rehabilitation Costs				
New Construction	$ 4,140,000	67.91	Builder	
Construction Contingency (_10_ %)	$ 414,000	6.79	Builder	
Other Depreciable (FFE)				
Professional Fees (not included in pre-development or pre-construction budget)				
Architect Design/Supervision				
Impact Fees	$ 46,000	.75	Lender	
Engineering				
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Reasons for Support/ Risks

- ✓ Applicant meets borrower eligibility requirements.
- ✓ The loan is consistent with TDHCA Predevelopment Loan Program objectives.
- ✓ Application is complete and all application requirements have been fulfilled.
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The applicant received the high "B" score. The applicant has limited resources, but appear to be financially sound and well managed.

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Collateral & Guarantors	2
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A (4-6); B (7-9); C (10-13); D (14-16)

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Recommendation:

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Score Description

1

- Organization has an excellent track record of servicing debt based on recent credit report findings.
- Organization has adequate cash flows to service debt based on projections provided by the applicant for the project.
- Organization has no debt.
- Project equity is 20% or more.
- Take-out financing is evidenced by written letters of commitment.
- Organization has a good borrowing history with TCC /TDHCA
- *Loan is current and payments are on time.*

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- **Organization has adequate cash flows to service debt.**
- Organization has a good track record of servicing debt based on recent credit report findings.
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- Written letters of interest for take-out financing have been provided. Applicant has applied for permanent financing.
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- Project equity is less than 10%.

- Take-out financing is questionable with only verbal statement of interest.
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- Organization will not be able to make loan payments. TCC will have to rely on collateral to repay debt or at least part of the debt will have to be charged off.
- No project equity.
- There will be no take-out financing.
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Score Description

1

- *Debt to equity ratio is decreasing/improved.*
- ***Current ratio greater than 1.***
- Net worth at least 10% of net assets.
- Fund balance is stable or increasing.

2

- *Debt to equity ratio is stable.*
- *Current ratio between .80 - 1.*
- **Fund balance is stable.**

3

- *Debt to equity ratio is fluctuating.*
- *Current ratio between .60- .79.*
- Fund balance fluctuations are explained in the auditor's notes or by the applicant.

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- *Debt to equity ratio is increasing.*
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Score Description

1

- **Executive Director has been in the field and/or part of the current organization for at least 5 years.**
- **Executive Director has prior experience with 2 or more similar projects.**
- **Development Team is competent with a good track record for managing this type of project.**
- **Applicant produces good quality financial statements on time and operates under a financial plan and budget.**

2

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- Executive Director has prior experience with at least one similar project.
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- *The project/organization is experiencing problems.*

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- Lacks Executive Director and/or has an interim director.
- Lacks Development Team but seeking one.
- Produces no financial statements, financial plan, or annual budget and unable to manage its financial resources.
- *The project is not performing. There are known and serious organizational shortcomings. The loan is in workout.*

IV. Collateral and Guarantors

The rating of collateral and guarantors determines the degree to which TCC can rely on collateral and guarantors to pay the loan, should the primary sources of repayment not materialize. *Loan-to-Value is the ratio of money borrowed to fair market value of collateral.*

Score Description

1

- Collateral and guarantor positions are undoubtedly sufficient to pay the loan such as having first mortgage position (lien) or liquid assets in the form of CD's and securities and/or applicant is guaranteeing the loan and demonstrates financial capacity to repay the note.
- *Loan-to-Value range from 0% to 80%.*

2

- **Collateral is sufficient, such as having second mortgage position (lien), so that even under foreclosure conditions TCC will probably not have to charge off any of the loan and/or applicant is guaranteeing the loan and demonstrates financial capacity to repay the note.**
- Loan will be contingent upon notice of permanent financing.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 10, 2005

Action Item

Request approval of twelve 2005 Housing Trust Fund Capacity Building awards.

Required Action

Approve Capacity Building award recommendations.

Background and Recommendations

On August 2, 2005, the Department published a Notice of Funding Available (NOFA) in the amount of $500,000 for the 2005 Housing Trust Fund (HTF) Capacity Building Program, an activity reflected in the 2005 HTF Funding Plan. The purpose of the Capacity Building Program is to support emerging and established nonprofit housing organizations in identifying, planning and undertaking new affordable housing developments. Applicants must be entities that meet the definition of a Nonprofit Organization as defined in the Housing Trust Fund Rules at 10 TAC §51.3(15). Eligible Activities under this application include the hiring of a consultant or staff to conduct the initial planning necessary to plan an affordable housing development that is not currently being undertaken by the nonprofit. At a minimum, all Awardees must produce the following reports to fulfill their grant commitment:

- Housing needs study, or market study that confirms the demand for the proposed affordable housing in the target community. Reports should focus on the target population and the specific type of housing (rental, homeownership, etc…) identified in the application.
- Site feasibility study that confirms probable housing sites within the target community and provides basic information regarding estimated development costs, operating expenses and feasibility, from both a physical and financial perspective.
- Property tax report that details all communications with local taxing entities and any preliminary or final decisions on available tax abatements.

Applicants will also be required to file quarterly performance reports, attend at least one approved affordable housing training session and provide a final report detailing the progress and planned activities necessary to complete the proposed development.

Applicants were scored on seven different criteria and were required to have a minimum score of 25 points, out of a possible 37 points, to be considered for an award. The capacity building awards will be made as grants. All funds will be disbursed on a quarterly or one time basis in a manner to be determined after the time of award. If it is determined that the goals stated in the application were not satisfied, the organization will not be eligible for funding in the following year.

Fifteen applications were submitted in response to the NOFA by the September 16, 2005 deadline. Two of the applications were determined to be ineligible based on threshold criteria review and one of the applications did not meet the minimum score requirement.

A review by the Portfolio Management and Compliance Division has ensured that no applicants have instances of material non-compliance.

Staff Recommendation

Staff is recommending funding in the amount of $417,850 to the 12 highest scoring eligible applicants. In accordance with the NOFA, the highest scoring application in each of the thirteen Uniform State Service regions is being recommended. There were no applications submitted for regions 2, 4, 8, 9, 11, and 12. Therefore, the balance of the available funding is being awarded to the next highest scoring applications, regardless of region. This results in recommending all 12 eligible applications for funding. The balance of funds not awarded from the NOFA, $82,150, will be returned to the Housing Trust Fund and be available for the 2006 funding cycle.

2005 Housing Trust Fund Capacity Building Program

Application Number	Organization	Region	City of Proposed Development	County of Proposed Development	Units Proposed to be Developed	Applicant's Self Score	Score Awarded	Amount Requested	Amount Awarded	Recommendation
05809	Azteca Economic Development Corporation	1	Half Way	Hale	20	37	36	$ 33,750	$ 33,750	Recommended for Funding
05804	Central Dallas Community Development Corp	3	Dallas	Dallas	450	32	27	$ 37,500	$ 37,500	Recommended for Funding
05808	Self Help Housing of East Texas	5	Newton	Newton	12	29	29	$ 35,000	$ 35,000	Recommended for Funding
05806	United cerebral Palsy of Greater Houston	6	Houston	Harris	10	32	32	$ 35,000	$ 35,000	Recommended for Funding
05814	Blackshear Neighborhood Development Corp	7	Austin	Travis	4	32	32	$ 35,000	$ 35,000	Recommended for Funding
05812	Chestnut Neighborhood Revitalization Corp	7	Austin	Travis	24	27	27	$ 31,600	$ 31,600	Recommended for Funding
05813	Guadalupe Neighborhood Development Corp	7	Austin	Travis	25	32	27	$ 35,000	$ 35,000	Recommended for Funding
05802	Neighborhood Housing Services of Austin, Inc.	7	Austin	Travis	24	27	27	$ 35,000	$ 35,000	Recommended for Funding
05810	Accessible Housing Resources, Inc.	10	Corpus Christi	Nueces	6	25	26	$ 35,000	$ 35,000	Recommended for Funding
05801	The Latino Education Project	10	Robstown	Nueces	15	37	32	$ 35,000	$ 35,000	Recommended for Funding
05800	Opportunity Center for the Homeless	13	El Paso	El Paso	100	31	31	$ 35,000	$ 35,000	Recommended for Funding
05805	YWCA Community Development Corporation	13	El Paso	El Paso	100	28	26	$ 35,000	$ 35,000	Recommended for Funding
05811	TSE Economic Development Corporation	3	Fort Worth	Tarrant		0	0	$ 35,000	$ -	Terminated - Minimum Score not Met
05803	Fort Worth Area Habitat for Humanity	3	Decatur, Mineral Wells, Weatherford	Wise and Parker		32	0	$ 35,000	$ -	Terminated - Ineligible Applicant
05807	St John Colony Neighborhood Assn	7	St John Colony	Caldwell		36	0	$ 21,000	$ -	Terminated - Ineligible Applicant
Totals								$ 508,850	$ 417,850	

* regions represented: 1,3,5,6,7,10,13

2005 HTF Capacity Building Applicant Summaries

Applicant:	**Azteca Economic Development Corporation**
Application Number:	05809
Contact:	Joe A. Franco
	910 E. Jones Street
	Dimmitt, Texas 79024
	(806) 647-3406
Region:	1
Area of Assistance:	Technical Assistance Consultant
Score:	36
Prior Award History:	None
Requested Amount:	$33,750.00
Recommended Amount:	$33,750.00
Summary of Application:	Azteca Community Development Corporation is requesting funds to hire a consultant to assist the organization with the development of 20 units of temporary housing for seasonal migrant workers in Half Way, Hale County, Texas. One consultant will complete a migrant needs assessment, gather potential migrant tenants, and handle project feasibility and financing. In developing this plan, the consultant will interview potential tenants, identify construction and permanent financing, and project operating costs. The other consultant will prepare a conceptual site plan and a construction cost estimate.

Applicant:	**Central Dallas Community Development Corporation**
Application Number:	05804
Contact:	John Greenan
	3902 Elm Street
	Dallas, Texas 75226
	(214) 827-1000 ext 21
Region:	3
Area of Assistance:	Oversight of Marketing
Score:	27
Prior Award History:	one
Requested Amount:	$37,500.00
Recommended Amount:	$37,500.00
Summary of Application:	Central Dallas Community Development Corporation is applying for funds to pay for staff salaries, associated costs for program oversight, and for a part-time consultant to complete the planning phase of a 450 unit multifamily development. The duties of the Executive Director include preparing financial projections, obtaining financing, and oversight of all contractors. The Executive Director will attend professional training and conferences as related to project and professional development. The part-time consultant will schedule and coordinate meetings, conduct fundraising, develop marketing pieces, and plan and coordinate special events activities.

Applicant:	**Self Help Housing of East Texas**
Application Number:	05808
Contact:	Lee Holbert
	P.O. Box 975
	Newton, Texas 75966
	(409) 379-4663
Region:	5
Area of Assistance:	Renovation Supervisor
Score:	29
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Self Help Housing of East Texas is applying for funds to hire a Renovation Supervisor to coordinate and supervise the development of 12 Self-Help homeownership units in Newton, Newton County, Texas. The Renovation Supervisor will direct day-to-day staff activities as they conduct market research, determine suitable houses for renovation, complete housing assessments, and carry out program requirements and policies.

Applicant:	**United Cerebral Palsy of Greater Houston**
Application Number:	05806
Contact:	Elise Hough
	4500 Bissonnet, Suite 340
	Bellaire, TX 77401-3006
	(713) 838-9050
Region:	6
Area of Assistance:	Housing Development Program Manager
Score:	32
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	United Cerebral Palsy of Greater Houston is applying for funds to pay for a Housing Development Program Manager. The Program Manager will research, plan, organize, and implement a housing program to undertake the development of an integrated scattered site Section 811 program to address the housing needs of people with disabilities in Houston, Harris County, Texas. Specifically, the Program Manager will research and advise on HUD 811 program requirements, research and advise on potential sites for development, and for development partners and architects. The Program Manager will produce a housing needs study, a site feasibility study, and a property tax report.

Applicant:	**Blackshear Neighborhood Development Corporation**
Application Number:	05814
Contact:	Robert E. Porter
	1121 Lawson Lane, Suite B
	Austin, Texas 78702
	(512) 476-2222
Region:	7
Area of Assistance:	Executive Director
Score:	32
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Blackshear Neighborhood Development Corporation is applying for funds to pay for salary costs associated with additional duties to be taken on by the Executive Director for the development of 4 units of supportive housing for persons with special needs, in Austin, Travis County, Texas. The Executive Director will direct a project to construct four units of affordable multifamily housing in the Blackshear neighborhood. Specifically, the Executive Director will manage fund raising and development, community and public relations, economic development, strategic planning, and personnel management.

Applicant:	**Chestnut Neighborhood Revitalization Corporation**
Application Number:	05812
Contact:	Cedric Mitchell
	2211 East Martin Luther King, Jr. Blvd
	Austin, Texas 78702
	(512) 972-9509
Region:	7
Area of Assistance:	Project Manager
Score:	27
Prior Award History:	None
Requested Amount:	$31,600.00
Recommended Amount:	$31,600.00
Summary of Application:	Chestnut Neighborhood Revitalization Corporation is requesting funds to pay for salary and associated costs for hiring a Project Manager to begin the development of a 24 unit multifamily rental development in Austin, Travis County, Texas. The Project Manager will be responsible for all feasibility aspects of predevelopment for a new single-family housing development. Specifically, the Project Manager will conduct a feasibility study, research development and funding partners, and work with a market research firm or consultant to plan, guide and contract for a housing needs study.

Applicant:	**Guadalupe Neighborhood Development Corporation**
Application Number:	05813
Contact:	Mark C. Rogers
	1000 Lydia Street
	Austin, Texas 78702
	(512) 479-6275
Region:	7
Area of Assistance:	Technical Assistance Consultant
Score:	27
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Guadalupe Neighborhood Development Corporation is requesting funds to hire a consultant to complete applications to secure funding from public and private sources to complete a 25-unit multifamily rental development in Austin, Travis County, Texas. The consultant will oversee the final design phase of the project, seek financing, for the project, and handle duties related to community meetings. An architect will also be engaged to update the preliminary conceptual plans for the project.

Applicant:	**Neighborhood Housing Services of Austin**
Application Number:	05802
Contact:	Richard Rodarte
	1106 Clayton Lane, Suite 204E
	Austin, Texas 78723
	(512) 374-1300
Region:	7
Area of Assistance:	Technical Assistance Consultant
Score:	27
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Neighborhood Housing Services of Austin is requesting funds to hire professional consultant(s) to aid in the completion of a 24 unit multifamily limited equity housing cooperative in Austin, Travis County, Texas. The consultant(s) will be experienced in housing need and feasibility studies, budgeting, green building, architecture and site planning.

Applicant:	**Accessible Housing Resources, Incorporated**
Application Number:	05810
Contact:	Judy Telge
	P.O. Box 3394
	Corpus Christi, Texas 78463
	(361) 883-8461
Region:	10
Area of Assistance:	Technical Assistance Consultant
Score:	26
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Accessible Housing Resources, Inc. is requesting funds to hire a Consultant who will manage the development of a 6 unit shared living property for persons with disabilities in Corpus Christi, Nueces County, Texas. The Consultant will develop a process for the implementation and be responsible for project management. Specifically, the Consultant will engage a surveyor and engineer for preliminary development details, conduct or contract for a housing needs study, coordinate preliminary site plans, identify potential sources of funding, and develop funding applications.

Applicant:	**The Latino Education Project**
Application Number:	05801
Contact:	Frances Pawlik
	1045 Airline Road, Suite 2
	Corpus Christi, Texas 78412
	(361) 980-0361
Region:	10
Area of Assistance:	Housing Developer
Score:	32
Prior Award History:	Awarded Capacity Building Funds in 2003
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	The Latino Education Project is requesting funds to hire a Housing Developer to supervise the development of a 15 unit multifamily rental development in Robstown, Nueces County, Texas. The Housing Developer will identify firms/consultants to carry out the marketing plan, feasibility study, and needs assessment, as well as for legal, architectural and electrical project components. The Housing Developer will identify additional sources of funding and develop a proposal for actual construction of the project. The Housing Developer will attend conferences and workshops to enhance knowledge and skills necessary to complete the project successfully.

Applicant:	**Opportunity Center for the Homeless**
Application Number:	05800
Contact:	Raymond Tullius, Jr.
	PO Box 63
	El Paso, Texas 79941-0063
	(915) 577-0357
Region:	13
Area of Assistance:	Housing Development Officer
Score:	31
Prior Award History:	Awarded Capacity Building Funds in 2004
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	Opportunity Center for the Homeless is applying for funds to hire a Housing Development Officer to oversee the rehabilitation and conversion of an existing commercial/office property into 100 units of rental housing for persons who are homeless El Paso, El Paso County, Texas. The Housing Development Officer will be responsible for the development of a housing needs study, a market study, site feasibility study, and a long-term strategic plan for the development of additional housing for homeless persons.

Applicant:	**YWCA Community Development Corporation**
Application Number:	05805
Contact:	Elke Cumming
	1918 Texas Avenue
	El Paso, Texas 79901
	(915) 533-2311
Region:	13
Area of Assistance:	Technical Assistance Consultant
Score:	26
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$35,000.00
Summary of Application:	YWCA Community Development Corporation is applying for funds to pay for a Site Designer and Architect ("design team"), and a consultant for a 100 unit multifamily rental development for persons who are elderly in Northeast El Paso, El Paso County, Texas. The design team will be responsible for a site and space planning survey, geotechnical survey and topographic map, prioritization of amenities, and marketability of the project. The Consultant will conduct a housing needs assessment and market analysis, review site plans and development design, obtain permits, licenses and approvals for development, and handle all construction monitoring.

Ineligible Applicants

Applicant:	**Fort Worth Area Habitat for Humanity**
Application Number:	05803
Contact:	Cliff Hazel
	3345 South Jones
	Fort Worth, Texas 76110
	(817) 926-9219
Region:	3
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$0.00
Summary of Application:	Applicant was determined to be ineligible based on the following reasons: In accordance with the NOFA, the Applicant did not have at least two full years of service to their target communities. Also, applicants that have previously developed more than 20 units of affordable housing may only propose new developments for which the organization has no previous experience. The application reflected that the applicant proposed activities (single family self-help construction) that they have significant previous experience in.

Applicant:	**TSE Economic Development Corporation**
Application Number:	05811
Contact:	Donald Willis
	7205 Norma Street
	Fort Worth, Texas 76112
	(817) 429-3931
Region:	3
Prior Award History:	None
Requested Amount:	$35,000.00
Recommended Amount:	$0.00
Summary of Application:	The applicant did not propose an eligible activity in their development narrative, nor did the application meet the minimum scoring threshold of 25 points. Applicant requested 0 points.

Applicant:	**St. John Colony Neighborhood Association**
Application Number:	05807
Contact:	Pastor Lee Otis Carter
	895 St. John Road
	Dale, Texas 78616
	(512) 601-9099
Region:	7
Prior Award History:	warded Capacity Building Funds in 2003
Requested Amount:	$21,000.00
Recommended Amount:	$0.00
Summary of Application:	In accordance with the NOFA, Applicants who have any finding of non-compliance or delinquent contracts with TDHCA, or meet any of the criteria under 10 TAC §51.6(d) will not be considered for funding. The Applicant currently has two delinquent loans with the Department and is therefore determined ineligible for funding. Those two loans are Predevelopment Loan #85102000012 and HOME Investment Partnerships Loan #531104.

Division of Policy and Public Affairs

BOARD ACTION REQUEST
November 10, 2005

Action Items

2006 Regional Allocation Formula (RAF)

Required Action

Approval of the 2006 RAF for the HOME and Housing Tax Credit Program is requested.[1]

- See Attachment A for a summary of revisions to the RAF methodology.
- See Attachment B for public comments on the Proposed 2006 RAF and the Department's reasoned responses.
- See Attachment C for the 2006 RAF funding distribution as recommended for final Board approval.
- See Attachment D for the 2006 RAF methodology as recommended for final Board approval.

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. The resulting RAF objectively measures the affordable housing need and available resources in the 13 State Service Regions it uses for planning purposes. Additionally, the RAF allocates funding to rural and urban/exurban areas within each region. 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. 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 RAF, which is published in the SLIHP, is annually submitted for public comment.

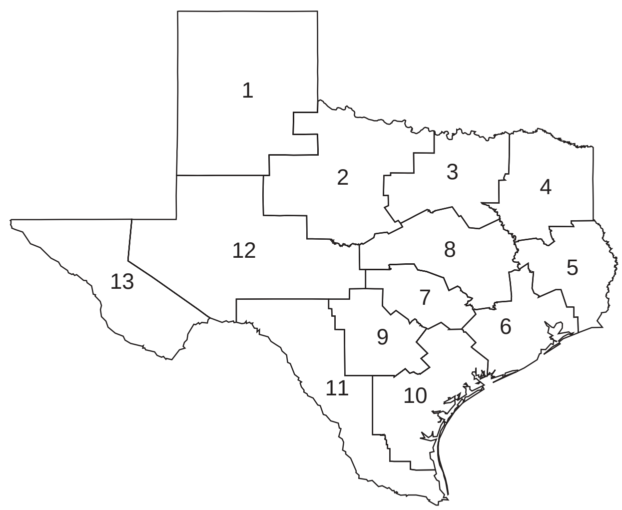

Figure 1. State Service Regions

On August 19, 2005 and September 16, 2005, the Board approved the Proposed HTC/HTF RAF and HOME RAF respectively. Subsequent to Board approval, the RAFs were made available for public comment until October 18, 2005. Comment was accepted in writing directly to TDHCA and at 13 hearings held in Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. These hearings were attended by approximately 97 people.

[1] As no RAF related activities were approved for this year's HTF allocation, a final 2006 HTF RAF was not calculated.

ATTACHMENT A: Summary of Revisions to the RAF Methodology

Revisions to the Proposed RAF Methodology
Public comment only generated one minor recommended change to the RAF methodology. A summary of the comments and the Department's reasoned responses is provided as Attachment B.

The recommended change clarifies the methodology used to classify places as "Urban/Exurban" or "Rural." As discussed in the Proposed RAF approved by the Board, the following definition is used to classify "Rural" places.

"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.[2]"

One comment asked whether an "urban/exurban" or "rural" place designation could be updated to reflect post 2000 Census changes in city boundaries. The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from "Rural" to "Urban/Exurban" if the applicant can provide a letter from the jurisdiction indicating that their place's city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place's rural designation until the next census is conducted.

Non Public Comment Related Changes to the RAF
Even without changes to the methodology, the recommended final RAF funding distribution differs from what was originally proposed.

- As was noted in the Proposed RAF Board Action Request, final available resource data was not available when the draft was published. As such, the proposed RAF funding distribution estimates were subject to change. This caveat was also clearly noted in the documentation that was provided for public comment. As the need data remained constant, the inclusion of the final available resource data was the sole cause of changes in the HTC/HTF distributions.

- One additional funding source, HTF rental development funding, was added to the available resources that the RAF considers. This is consistent with Section 2306.111(d) of the Government Code requirement that the RAF consider regionally available housing resources. While this change was not based on public comment, the correction of this omission is consistent with the inclusion of TDHCA's HOME and HTC funding in the RAF.

[2] 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: Public Comments on the Proposed 2006 RAF and the Department's Reasoned Responses

[Commenter information is tied to the comment reference number shown in the comment title and in "Table B.1 Commenter Information" at the end of this section.]

Weighting Multifamily Bond Financing in RAF's Consideration of Available Funding (#1)

"We are in support of the proposed Regional Allocation Formula for 2006 Housing Tax Credits. The methodology you have used in accounting for 4% tax credits and bonds is an improvement over last year, and we feel is much more in line with the intent of the original legislation which created the Regional Allocation Formula (SB 1112 by Shapleigh, 76th Legislative Session). The new methodology better acknowledges that the largest metropolitan areas of the state, which are also the ones with the highest median family incomes (Dallas-Ft. Worth, Houston, Austin and San Antonio), are the only areas of the state that have access to 4% tax credits and bond deals, and allows the poorest regions of the state (such as El Paso and the other border areas) to access its fair share of the programs designed to help the poorest families in the state."

Staff Response: This comment supports the 2006 proposed change in the way the RAF considers multifamily bond funding. As no additional comment was received on this issue, no changes to the RAF methodology are recommended.

RAF's Consideration of the Use of HTC Funding for Disaster Relief (#2)

"…(G)iven the recent hurricanes in I guess what would be Region 5, in Beaumont, Port Arthur area, it might make sense for us to consider at least the flexibility in the various programs to reallocate some resources to the extent that the federal government doesn't step to the plate and do it, to reallocate some of the housing resources to that particular region. And what I proposed … was something like 5 percent or 7 percent or whatever of, for instance, the tax credits. Give the Board the discretion between now and the time that we ultimately have to take applications to re-allocate the credits over to Region 5, and you just take 7 percent from all the other regions, and just allocate it over there. If you look at the impact on each particular region, it's really pretty minor, but it would make a huge impact in terms of addressing the needs of the hurricane victims in that particular region.

…(I)f we wait for the federal government it's going to be too late…, if we've already finalized all of our plans for next year, for the state to address that issue. And we can do it without federal dollars if we just do kind of a re-allocation within the state, or at least have the flexibility to do that, if the federal government doesn't do it."

Staff Response: Section 2306.111(d) of the Government Code requires objective measures of affordable housing need to be part of the RAF. Currently, quantitative data is not available on the type and level of need in each region that has changed since the 2000 Census because of the recent disasters. Even if such data was available, it could then be argued by other regions that their need should be updated to reflect increased need related to the hurricanes (or other disasters) or ongoing immigration since the Census was conducted. While the decennial occurrence of the Census obviously limits the RAF's ability to respond to ongoing change, it provides a detailed statewide assessment of each region's general level of need.

This comment, however, does raise the idea that providing a means of updating the 2000 Census need data could be a valuable addition to the RAF methodology. However, given the significance of this change, it is thought that the related changes to the RAF would require going out for additional public comment. Given current data limitations and program application cycle timing requirements, TDHCA will study this issue over the next year and provide options on how this might be accomplished for the proposed 2007 RAF.

No changes to the RAF methodology are recommended for the 2006 RAF.

Updating Place Geography Type Designations to Reflect Population and Boundary Changes Since the 2000 Census (#3)

"…(A)fter reviewing the Dallas 2004 MAPSCO Directory, pages 10A and 10B, you will note that Wylie touches Garland strip annexation twice. The strip divides Wylie and Rowlett and then goes up along Lake Ray Hubber and then touches Wylie again. Garland is over 215,000 plus in population. So this would qualify Wylie as urban/exurban based on Wylie touching Garland."

Staff Response: The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from "Rural" to "Urban/Exurban" if the applicant can provide a letter from the jurisdiction indicating that their place's city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place's rural designation until the next census is conducted.

The inclusion of the following notes in the RAF methodology is suggested:

> "Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period."
>
> "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 must be used to make the area type determination."

Table B.1 Commenter Information

Reference #	Contact	Organization
1	R. L. "Bobby" Bowling IV	Tropicana Building Corporation
2	Robert Voelker	Munsch Hardt Kopf & Harr PC
3	Richard J. Janson, CCIM, SEC	JaNar, Inc.

ATTACHMENT C: 2006 RAF as Recommended for Final Board Approval

Housing Tax Credit RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,979,354	4.7%	$892,583	45.1%	$1,086,771	54.9%
2	Abilene	$1,116,644	2.7%	$516,743	46.3%	$599,901	53.7%
3	Dallas/Fort Worth	$6,900,425	16.4%	$524,966	7.6%	$6,375,458	92.4%
4	Tyler	$2,090,168	5.0%	$1,057,514	50.6%	$1,032,653	49.4%
5	Beaumont	$1,485,938	3.5%	$725,306	48.8%	$760,632	51.2%
6	Houston	$10,161,751	24.2%	$650,062	6.4%	$9,511,690	93.6%
7	Austin/Round Rock	$3,209,525	7.6%	$305,581	9.5%	$2,903,944	90.5%
8	Waco	$2,550,188	6.1%	$472,228	18.5%	$2,077,959	81.5%
9	San Antonio	$2,444,672	5.8%	$346,660	14.2%	$2,098,011	85.8%
10	Corpus Christi	$1,730,385	4.1%	$687,354	39.7%	$1,043,031	60.3%
11	Brownsville/Harlingen	$5,088,702	12.1%	$2,006,193	39.4%	$3,082,509	60.6%
12	San Angelo	$1,209,788	2.9%	$291,983	24.1%	$917,805	75.9%
13	El Paso	$2,032,460	4.8%	$228,856	11.3%	$1,803,604	88.7%
	Total	$42,000,000	100.0%	$8,706,031	20.7%	$33,293,969	79.3%

Summary of Changes between the Final and Proposed Versions of the HTC RAF

		Difference b/w Final and Proposed Versions of the RAF					
Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$62,917	0.1%	$168,268	7.3%	$(105,351)	-7.3%
2	Abilene	$(71,162)	-0.2%	$(18,687)	1.2%	$(52,475)	-1.2%
3	Dallas/Fort Worth	$471,495	1.1%	$(78,854)	-1.8%	$550,349	1.8%
4	Tyler	$(111,083)	-0.3%	$(52,530)	0.2%	$(58,553)	-0.2%
5	Beaumont	$(123,105)	-0.3%	$(131,895)	-4.5%	$8,790	4.5%
6	Houston	$662,138	1.6%	$(85,626)	-1.3%	$747,764	1.3%
7	Austin/Round Rock	$(90,855)	-0.2%	$(21,177)	-0.4%	$(69,678)	0.4%
8	Waco	$(25,738)	-0.1%	$(99,359)	-3.7%	$73,620	3.7%
9	San Antonio	$167,041	0.4%	$(30,460)	-2.4%	$197,501	2.4%
10	Corpus Christi	$(174,920)	-0.4%	$(63,311)	0.3%	$(111,609)	-0.3%
11	Brownsville/Harlingen	$(471,298)	-1.1%	$49,445	4.2%	$(520,742)	-4.2%
12	San Angelo	$(37,041)	-0.1%	$(37,655)	-2.3%	$614	2.3%
13	El Paso	$(258,390)	-0.6%	$(25,292)	0.2%	$(233,098)	-0.2%
	Total	$-	0.0%	$(427,132)	-1.0%	$427,132	1.0%

Based on the end of the fiscal year Performance Measures review, the amount of available multifamily bond and HTC funding in the Final RAF was much lower than in the Proposed RAF for Regions 3 and 6. This increased those regions' 2006 Final RAF distribution amount because they had a lower share of the state's available funding. With those decreases, a lower portion of the RAF distribution went to other "under funded" regions.

HOME RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,798,446	6.9%	$1,798,171	100.0%	$275	0.0%
2	Abilene	$1,228,643	4.7%	$1,195,707	97.3%	$32,937	2.7%
3	Dallas/Fort Worth	$2,904,962	11.2%	$1,151,933	39.7%	$1,753,030	60.3%
4	Tyler	$3,555,755	13.7%	$2,845,604	80.0%	$710,150	20.0%
5	Beaumont	$1,651,052	6.4%	$1,451,420	87.9%	$199,631	12.1%
6	Houston	$1,823,443	7.0%	$694,582	38.1%	$1,128,861	61.9%
7	Austin/Round Rock	$1,090,977	4.2%	$531,128	48.7%	$559,849	51.3%
8	Waco	$1,343,077	5.2%	$802,080	59.7%	$540,998	40.3%
9	San Antonio	$1,547,843	6.0%	$872,990	56.4%	$674,853	43.6%
10	Corpus Christi	$2,085,896	8.0%	$1,411,114	67.7%	$674,782	32.3%
11	Brownsville/Harlingen	$4,713,360	18.2%	$3,179,318	67.5%	$1,534,042	32.5%
12	San Angelo	$1,567,553	6.0%	$599,679	38.3%	$967,874	61.7%
13	El Paso	$616,491	2.4%	$390,734	63.4%	$225,757	36.6%
	Total	$25,927,500	100.0%	$16,924,460	65.3%	$9,003,040	34.7%

Summary of Changes between the Final and Proposed Versions of the HOME RAF

		Difference b/w Final and Proposed Versions of the RAF					
Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Fundin g %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$179,648	0.7%	$179,654	0.0%	($6)	0.0%
2	Abilene	($4,247)	0.0%	($6,230)	-0.2%	$1,983	0.2%
3	Dallas/Fort Worth	($473,161)	-1.8%	($258,733)	-2.1%	($214,428)	2.1%
4	Tyler	$77,508	0.3%	$72,328	0.3%	$5,179	-0.3%
5	Beaumont	($80,464)	-0.3%	($21,616)	2.8%	($58,848)	-2.8%
6	Houston	($412,716)	-1.6%	($165,881)	-0.4%	($246,835)	0.4%
7	Austin/Round Rock	$198,481	0.8%	$60,862	-4.0%	$137,619	4.0%
8	Waco	$161,316	0.6%	$68,624	-2.3%	$92,692	2.3%
9	San Antonio	($54,496)	-0.2%	($169,814)	-8.7%	$115,318	8.7%
10	Corpus Christi	($14,652)	-0.1%	($24,601)	-0.7%	$9,949	0.7%
11	Brownsville/Harlingen	$130,108	0.5%	$132,402	1.0%	($2,294)	-1.0%
12	San Angelo	$74,601	0.3%	$36,428	0.5%	$38,173	-0.5%
13	El Paso	$218,073	0.8%	$137,583	-0.2%	$80,490	0.2%
	Total	$0	0.0%	$41,006	0.2%	($41,006)	-0.2%

Based on the end of the fiscal year Performance Measures review, the amount of available non-multifamily bond, HTC (in Region 3), and SF Bond (TDHCA and HFC) in the Final RAF was higher in the Proposed RAF for Regions 3 and 6. These regions also showed higher PJ Section 8 and PHA Capital amounts from the HUD reporting. These changes decreased those regions' 2006 Final RAF distribution amount because they had a higher share of the state's available funding. With those decreases, a higher portion of the RAF distribution went to a number of other "under funded" regions.

ATTACHMENT D: 2006 RAF Methodology as Recommended for Final Board Approval

[Revisions from the Proposed 2006 RAF are underlined.]

BACKGROUND

Section 2306.111(d) of the Government Code (provided as *Appendix A*) requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. These regions are shown in "Figure 1. State Service Regions." The RAF also allocates funding to rural and urban/exurban areas within each region.

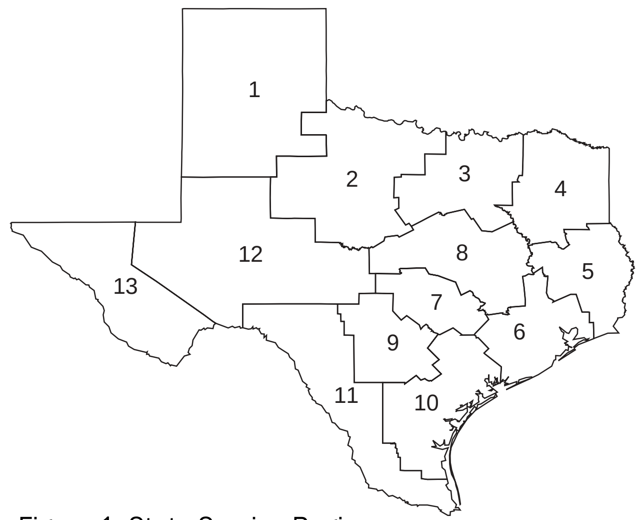

Figure 1. State Service Regions

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 (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

METHODOLOGY

Consideration of Affordable Housing Need

The first part of the RAF determines the 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 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% of the Area Median Family Income (AMFI).

- Because the HTC/HTF programs 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 are used to measure regional need.

1. Each need measure (poverty, cost burden, overcrowding, and incomplete 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 following steps calculate the funding distribution based on the need measures.
    a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
    b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
3. The resulting four regional measure distributions are then combined to calculate each region's need-based funding amount.
4. 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.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used.

- 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.

- Housing Tax Credits (4% and 9%)[3]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and 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)
- <u>Multifamily Texas Housing Trust Fund</u>
- Multifamily Tax-Exempt Bond Financing[4]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

[3] Estimated capital raised through the syndication of the HTCs.

[4] 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.

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)

These steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.
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 the 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.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized by the resource funding adjustments. The region's need based funding amount cannot be reduced by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments.

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and Exurban/Urban Need[5]

There are a number of factors that affect the distribution of resources to rural and urban/exurban areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. To ensure an equitable distribution of funding to both rural and urban/exurban areas, the RAF analyzes the distribution of rural and urban/exurban need and resources at the regional level.

The RAF uses the following rural and urban/exurban definitions.

1. Rural - A place that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the place has a population of 20,000[6] or less and does not share a boundary with a place that has a population greater than 20,000.[7]

2. Urban/Exurban
   a. Any place that does not satisfy the Rural place definition; or
   b. 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 subcategory is not used in the HOME formula.]

Measuring Rural and Urban/exurban Affordable Housing Need

The following steps calculate the level of need in rural and urban/exurban areas.

1. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
2. Place level measure data is identified as being rural or urban/exurban based on the RAF area definitions.
3. Using the coded place data, each measure's affected number of rural and urban/exurban persons or households in the region is calculated.
4. The corresponding measure rural and urban/exurban percentages are calculated.
5. For each measure, the regional funding amount is multiplied by the measure rural and urban/exurban percentages to calculate the rural and urban/exurban measure funding amounts.
6. The rural and urban/exurban measure funding amounts are summed for the four measures. These totals are the region's rural and urban/exurban need based funding amounts.
7. The region's rural and urban/exurban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban/exurban need percentages.

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[5] §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.

[6] <u>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 must be used to make the area type determination.</u>

[7] <u>Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period.</u>

Measuring Rural and Urban/Exurban Available Resources

The following steps calculate the Rural and Urban/Exurban distribution of available housing resources.

1. The geographically coded place data is summed to calculate regional rural and urban/exurban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban/exurban places within the county. The resulting totals are the rural and urban/exurban resource totals.
2. The corresponding regional rural and urban/exurban resource percentages are calculated.

Rural and Urban/Exurban Available Resources Funding Adjustment

The following steps calculate the rural and urban/exurban area resource funding adjustments.

1. The differences between the rural and urban/exurban resource percentages and rural and urban/exurban need percentages are calculated. The resulting differences show which of the two areas (rural or urban/exurban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban/exurban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

Rural and Urban/Exurban Regional Funding Amounts

The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

Division of Policy and Public Affairs

BOARD ACTION REQUEST
November 10, 2005

Action Item

2006 Affordable Housing Need Score (AHNS)

Required Action

Approval of the 2006 AHNS for the HOME, Housing Tax Credit, and Housing Trust Fund programs is requested.

- See Attachment A for a summary of revisions to the AHNS methodology.
- See Attachment B for public comments on the Proposed 2006 AHNS and the Department's reasoned responses.
- See Attachment C for the 2006 AHNS methodology as recommended for final Board approval.
- See Attachment D for the 2006 AHNS as recommended for final Board approval.

Background

The AHNS is one of the scoring criteria used to evaluate HOME, HTC, and HTF applications. 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.

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 the State Service Region. 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. The formula is submitted annually for public comment and the final version is published in the SLIHP.

On August 19, 2005 and September 16, 2005, the Board approved the Proposed HTC/HTF AHNS and HOME AHNS respectively. Subsequent to Board approval, the AHNS were made available for public comment until October 18, 2005. Comment was accepted in writing directly to TDHCA and at 13 hearings held in Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. These hearings were attended by approximately 97 people.

[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: Summary of Revisions to the AHNS Methodology

Revisions to the Proposed AHNS Methodology

No revisions are recommended to the AHNS methodology based on public comment.

Non Public Comment Related Changes to the AHNS

A small number of scores were revised to reflect updated information on TDHCA funding activity since the 2000 Census was conducted. Additionally, one place's Participating Jurisdiction (PJ) status, as designated by HUD, also changed which affected the HOME AHNSs.

On a related PJ issue, the PJ/non-PJ designation of a few places located within PJ counties was questioned last year. To clarify this issue, the following note and a column indicating the county PJ status of each place is being added.

"(3) Places shown to be located in a PJ County must provide evidence from a local official attesting to the fact that the place is not participating with the county with regard to the HOME program."

The following HTC/HTF scores changed as a result of updated TDHCA unit production information.

Place	Proposed AHNS	Final AHNS
Alvin	6	5
Euless	6	5
Hondo	5	4
Llano	2	4

The following HOME scores changed as a result of updated TDHCA unit production information.

Place	Proposed AHNS	Final AHNS
Hondo	5	4
Llano	2	4
Waxahachie	5	4

The City of Coppell in Dallas County is now shown to be participating with the county by HUD. As such, it does not receive an AHNS.

ATTACHMENT B: Public Comments on the Proposed 2006 AHNS and the Department's Reasoned Responses

[Commenter information is tied to the comment reference number shown in the comment title and in "Table B.1 Commenter Information" at the end of this section.]

Consideration of the Need Characteristics of Specific Regions and Census Tracts (#1)

"Looking at the Affordable Needs Score, it, as traditionally, is very low for Region 12, and my question is that, for instance, Big Spring, Howard County, is number one and number two in the state for lead-based paint. When you look at the Affordable Needs Score, is some of that type of data put in there, because if it is, then it looks like it should be higher, just the fact that you have number one and number two in Region 12. And I think that when you look at -- you know, if you do it on population, we're going to be way down there, but if you look at actual needs, there are –

…(A)nother problem with the Affordable Needs Score and where it gets skewed sometimes is there are pockets of poverty that are surrounded with clusters of wealth, and you can't reach those pockets of poverty, because when you look at it by census tract, it skews the census tract methodology. And so somehow there has to be a method created or looked at where we can reach those pockets of poverty. I can take you within just a few blocks of my office, and I can show you a home that still has outdoor facilities. I can show you a house that's been lived in for a number of years that's never had electricity, still uses coal oil lamps, and yet we can't reach those because of the way the Affordable Needs Score is skewed…"

Staff Response: The AHNS serves as a measure of the general level of affordable housing need in an area. As such, it does not provide a scoring preference based on location specific housing problems. The number of substandard dwellings in the community provides some measure of housing quality standards which would include such issues as lead based paint.

While addressing lead based paint issues are certainly important, it would probably be more appropriate to add a scoring preference in the application selection criteria. That way preference could be given to applications that work to eliminate specific types of housing need that align with overarching Departmental goals.

With regard to the suggestion that specific Census tracts need to be served due to their need characteristics, the AHNS does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Rather, it evaluates the housing need of the entire community and compares that level of need to other places in the region.

With regard to the specific example of Big Spring as raised by the commenter, the AHNS actually seems to be functioning rather well. Of the rural communities Big Spring would compete against for HTCs in Region 12, only one other place has a higher score. This place, Christoval, has never received an award of HTCs. Christoval's population is only 422. Under the 2006 AHNS methodology, it is likely that Christoval's future score would decrease if it actually received a credit award. That is because the methodology now considers previous TDHCA funding activity in generating a place's AHNS. For HOME, Big Spring has the highest score possible in all activities except for owner occupied rehab. The owner occupied rehab score is only one point below the maximum score.

Using the AHNS to Discourage the Over-concentration of Affordable Housing in Primarily High-Minority, Low-Income Areas (#2)

"… (O)ne of the things we really need to focus on is for the state to gather information, … which show that -- and I just ran it in Dallas, Fort Worth, Austin, and Houston -- that approximately 75 percent of the tax credit units that have been funded since 2000 in the state of Texas have gone to primarily low-income, primarily minority-concentrated areas. And as we all know, we're under a federal mandate, because of the Fair Housing Act of 1968, to disseminate particularly federally funded housing out into non-impacted areas. The whole concept is -- to summarize it really is not to continue to create ghettos like we did with the old HUD programs.

…(T)he City of Dallas has been under, for a long time, a federal mandate…that says we have to get housing out of the impacted areas. My fear is, if you look at what we've done since 2000, what we're continuing to do is concentrate low-income people in particular areas of the cities…

…In terms of the Affordable Housing Needs Score, …we might want to… hav(e) some scoring, which I guess really isn't state-mandated, but -- or legislatively mandated, but have some scoring that really focuses on doing deals outside of impacted areas. If to the extent that you're doing a deal that's in a high income suburb that doesn't have a lot of minority population, maybe you score some additional points for doing that. It might also help offset some of the issues … that have to do with "not in my backyard," because right now there's an awful lot of points in the QAP that you get for getting things like state senator, state rep report, which you can't really get without getting city council support, which you can't really get without getting home owner support…

And also there's points for things like neighborhood associations, and to the extent you try and -- because I've tried the last two years -- to do deals outside of minority areas, out in the suburbs, in one instance I had to actually sue a city who tried everything possible to stop us, because they just didn't want affordable housing in that area. And in another case I had a county commissioners' court decide to vote unanimously not to approve our bonds when the only objection was that the home owners didn't want it there, in their nice, high income neighborhood. So if we're going to make any progress on attempting to address the needs for affordable housing outside of impacted areas, we're going to have to come up with some way of counterbalancing the "not in my backyard" points that are in the QAP."

Staff Response: The over-concentration of affordable housing in primarily high-minority, low-income areas is an issue that was given a great deal of consideration when developing the Qualified Allocation Plan - of which the AHNS is a scoring component.

As was previously discussed, the AHNS serves as a measure of the general level of affordable housing need in an area. This helps to distribute funds to places within the region based on the level of need present within the entire community. As such it does not give scoring preferences to specific areas within a particular place. For example, if a preference was included in the AHNS for a "high income suburb that doesn't have a lot of minority population," there would be nothing to preclude the site from being located within a high minority tract within that place.

As previously discussed, the AHNS also does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Within each community, there is a wide ranging set of community housing and development goals and market conditions. The AHNS should not complicate how these neighborhood level issues are addressed by trying to combine scoring factors in an attempt to meet a variety of housing goals through the use of a single score.

As the commenter seems to be pointing out, this issue would be better addressed at the program application selection criteria level. The draft Qualified Allocation Plan included a number of items that may help alleviate the concentration issues discussed by the commenter. TDHCA will continue to work to address distribution and concentration issues associated with its funding awards.

Table B.1 Commenter Information

Reference #	Contact	Organization
1	Paul Prior	Big Spring Public Housing Authority
2	Robert Voelker	Munsch Hardt Kopf & Harr PC

ATTACHMENT C: 2006 AHNS Methodology as Recommended for Final Board Approval

Background

The AHNS scoring criterion is used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (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:

- 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 TDHCA Regional Allocation Formula (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-participating jurisdictions. Therefore, the HOME AHNS only uses need data for non-participating jurisdictions.

Methodology

The following steps measure each place’s level of affordable housing need.

1) The Census number of households at or below 80% 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.

2) 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.

3) The number of households assisted using TDHCA 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, RD activity is used;

b) For HOME TBRA and RD scores, TBRA[1] and RD activity is used;

c) For HOME DPA scores, First Time Homebuyer and HOME DPA activity is used; and

d) For HOME OCC scores, HOME OCC activity is used.

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 points provide the area's 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.

The rural and urban/exurban definitions the RAF uses are:
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[2] or less and does not share a boundary with a place that has a population greater than 20,000.[3]

For HTC, areas that are eligible for new construction or rehabilitation funding by TX-USDA-RHS are also considered rural.

Urban/Exurban

1. Any place that does not satisfy the Rural place definition.

Rental development activities that occur outside an incorporated place or Census Designated Place as defined by the U.S. Census Bureau shall use the area definition of the closest place.

For the HOME program, a county score is used for activities that will serve more than one place within a county. If multiple counties or places in multiple counties will be served by an application, then the county scores will be averaged. Participating Jurisdictions (PJ) receive a score of zero.

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[1] 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.

[2] 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 must be used to make the area type determination.

[3] Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period.

ATTACHMENT D: 2006 AHNS as Recommended for Final Board Approval

Final 2006 HOME Affordable Housing Need Scores (AHNS)

Place Level

Prepared by the Division of Policy and Public Affairs - 10/28/2005

(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.

(3) Places shown to be located in a PJ County must provide evidence from a local official attesting to the fact that the place is not participating with the county with regard to the HOME program.

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	Place is Located in a PJ County
1	Abernathy	Hale	2,839	Rural	6	6	6	No
1	Adrian	Oldham	159	Rural	5	5	5	No
1	Amherst	Lamb	791	Rural	5	5	7	No
1	Anton	Hockley	1,200	Rural	5	5	7	No
1	Bishop Hills	Potter	210	Rural	2	2	5	No
1	Booker	Lipscomb	1,315	Rural	4	4	2	No
1	Borger	Hutchinson	14,302	Rural	6	6	5	No
1	Bovina	Parmer	1,874	Rural	4	4	4	No
1	Brownfield	Terry	9,488	Rural	7	6	5	No
1	Buffalo Springs	Lubbock	493	Rural	5	6	6	No
1	Cactus	Moore	2,538	Rural	5	5	6	No
1	Canadian	Hemphill	2,233	Rural	4	4	4	No
1	Canyon	Randall	12,875	Rural	7	7	4	No
1	Channing	Hartley	356	Rural	5	5	4	No
1	Childress	Childress	6,778	Rural	5	6	4	No
1	Clarendon	Donley	1,974	Rural	5	5	2	No
1	Claude	Armstrong	1,313	Rural	5	5	4	No
1	Crosbyton	Crosby	1,874	Rural	5	5	4	No
1	Dalhart	Dallam	7,237	Rural	6	6	5	No
1	Darrouzett	Lipscomb	303	Rural	5	5	5	No
1	Denver City	Yoakum	3,985	Rural	4	4	6	No
1	Dickens	Dickens	332	Rural	5	5	5	No
1	Dimmitt	Castro	4,375	Rural	5	5	5	No
1	Dodson	Collingsworth	115	Rural	5	5	5	No
1	Dumas	Moore	13,747	Rural	6	6	5	No
1	Earth	Lamb	1,109	Rural	5	5	6	No
1	Edmonson	Hale	123	Rural	5	5	6	No
1	Estelline	Hall	168	Rural	5	5	5	No
1	Farwell	Parmer	1,364	Rural	6	6	5	No
1	Floydada	Floyd	3,676	Rural	6	6	2	No
1	Follett	Lipscomb	412	Rural	2	2	5	No
1	Friona	Parmer	3,854	Rural	6	5	4	No
1	Fritch	Hutchinson	2,235	Rural	6	6	6	No
1	Groom	Carson	587	Rural	5	5	6	No
1	Gruver	Hansford	1,162	Rural	4	5	5	No
1	Hale Center	Hale	2,263	Rural	6	6	6	No
1	Happy	Swisher	647	Rural	4	5	6	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
1	Hart	Castro	1,198	Rural	4	5	5	No
1	Hartley	Hartley	441	Rural	4	4	4	No
1	Hedley	Donley	379	Rural	5	5	5	No
1	Hereford	Deaf Smith	14,597	Rural	4	6	5	No
1	Higgins	Lipscomb	425	Rural	2	2	5	No
1	Howardwick	Donley	437	Rural	5	5	4	No
1	Idalou	Lubbock	2,157	Rural	5	5	5	No
1	Kress	Swisher	826	Rural	5	5	5	No
1	Lake Tanglewood	Randall	825	Rural	7	7	4	No
1	Lakeview	Hall	152	Rural	5	5	2	No
1	Lefors	Gray	559	Rural	5	5	6	No
1	Levelland	Hockley	12,866	Rural	7	7	6	No
1	Lipscomb	Lipscomb	44	Rural	2	2	2	No
1	Littlefield	Lamb	6,507	Rural	6	6	6	No
1	Lockney	Floyd	2,056	Rural	4	4	4	No
1	Lorenzo	Crosby	1,372	Rural	4	5	6	No
1	Matador	Motley	740	Rural	2	4	2	No
1	McLean	Gray	830	Rural	7	7	7	No
1	Meadow	Terry	658	Rural	5	4	5	No
1	Memphis	Hall	2,479	Rural	4	4	2	No
1	Miami	Roberts	588	Rural	5	5	4	No
1	Mobeetie	Wheeler	107	Rural	2	2	2	No
1	Morse	Hansford	172	Rural	4	4	6	No
1	Morton	Cochran	2,249	Rural	2	2	2	No
1	Muleshoe	Bailey	4,530	Rural	2	2	5	No
1	Nazareth	Castro	356	Rural	4	5	5	No
1	New Deal	Lubbock	708	Rural	7	7	5	No
1	New Home	Lynn	320	Rural	4	4	4	No
1	O'Donnell	Lynn	1,011	Rural	2	2	4	No
1	Olton	Lamb	2,288	Rural	4	4	6	No
1	Opdyke West	Hockley	188	Rural	6	6	7	No
1	Palisades	Randall	352	Rural	7	7	5	No
1	Pampa	Gray	17,887	Rural	7	7	6	No
1	Panhandle	Carson	2,589	Rural	4	4	4	No
1	Perryton	Ochiltree	7,774	Rural	2	4	4	No
1	Petersburg	Hale	1,262	Rural	5	5	5	No
1	Plains	Yoakum	1,450	Rural	4	4	4	No
1	Plainview	Hale	22,336	Rural	6	7	6	No
1	Post	Garza	3,708	Rural	6	6	6	No
1	Quail	Collingsworth	33	Rural	2	2	2	No
1	Quitaque	Briscoe	432	Rural	5	5	4	No
1	Ralls	Crosby	2,252	Rural	5	5	6	No
1	Ransom Canyon	Lubbock	1,011	Rural	6	6	5	No
1	Reese Center	Lubbock	42	Urb/Exurb.	5	5	7	No
1	Roaring Springs	Motley	265	Rural	2	2	2	No
1	Ropesville	Hockley	517	Rural	5	5	5	No
1	Samnorwood	Collingsworth	39	Rural	2	2	2	No
1	Sanford	Hutchinson	203	Rural	7	7	6	No
1	Seth Ward	Hale	1,926	Rural	7	7	7	No
1	Shallowater	Lubbock	2,086	Rural	7	7	6	No
1	Shamrock	Wheeler	2,029	Rural	5	5	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
1	Silverton	Briscoe	771	Rural	5	5	2	No
1	Skellytown	Carson	610	Rural	2	2	6	No
1	Slaton	Lubbock	6,109	Rural	6	6	7	No
1	Smyer	Hockley	480	Rural	6	6	7	No
1	Spade	Lamb	100	Rural	5	6	5	No
1	Spearman	Hansford	3,021	Rural	2	2	5	No
1	Springlake	Lamb	135	Rural	6	6	5	No
1	Spur	Dickens	1,088	Rural	2	2	4	No
1	Stinnett	Hutchinson	1,936	Rural	6	6	6	No
1	Stratford	Sherman	1,991	Rural	2	2	2	No
1	Sudan	Lamb	1,039	Rural	5	5	5	No
1	Sundown	Hockley	1,505	Rural	6	6	6	No
1	Sunray	Moore	1,950	Rural	6	6	5	No
1	Tahoka	Lynn	2,910	Rural	2	2	6	No
1	Texhoma	Sherman	371	Rural	5	5	5	No
1	Texline	Dallam	511	Rural	5	5	5	No
1	Timbercreek Canyon	Randall	406	Rural	5	5	4	No
1	Tulia	Swisher	5,117	Rural	5	5	5	No
1	Turkey	Hall	494	Rural	2	2	5	No
1	Vega	Oldham	936	Rural	5	5	5	No
1	Wellington	Collingsworth	2,275	Rural	4	4	4	No
1	Wellman	Terry	203	Rural	6	4	6	No
1	Wheeler	Wheeler	1,378	Rural	4	4	2	No
1	White Deer	Carson	1,060	Rural	5	5	4	No
1	Whiteface	Cochran	465	Rural	2	2	5	No
1	Wilson	Lynn	532	Rural	2	2	5	No
1	Wolfforth	Lubbock	2,554	Rural	7	7	7	No
2	Albany	Shackelford	1,921	Rural	5	4	2	No
2	Anson	Jones	2,556	Rural	4	4	7	No
2	Archer City	Archer	1,848	Rural	2	2	4	No
2	Aspermont	Stonewall	1,021	Rural	2	2	5	No
2	Baird	Callahan	1,623	Rural	4	6	5	No
2	Ballinger	Runnels	4,243	Rural	6	6	6	No
2	Bangs	Brown	1,620	Rural	6	6	7	No
2	Bellevue	Clay	386	Rural	5	5	6	No
2	Benjamin	Knox	264	Rural	2	2	6	No
2	Blackwell	Nolan	360	Rural	6	6	5	No
2	Blanket	Brown	402	Rural	7	7	6	No
2	Bowie	Montague	5,219	Rural	7	7	7	No
2	Breckenridge	Stephens	5,868	Rural	5	5	4	No
2	Brownwood	Brown	18,813	Rural	6	7	6	No
2	Bryson	Jack	528	Rural	6	6	6	No
2	Buffalo Gap	Taylor	463	Rural	5	5	4	No
2	Burkburnett	Wichita	10,927	Rural	6	6	5	No
2	Byers	Clay	517	Rural	6	6	5	No
2	Carbon	Eastland	224	Rural	5	5	5	No
2	Chillicothe	Hardeman	798	Rural	6	6	2	No
2	Cisco	Eastland	3,851	Rural	7	7	6	No
2	Clyde	Callahan	3,345	Rural	5	5	5	No
2	Coleman	Coleman	5,127	Rural	6	5	6	No
2	Colorado City	Mitchell	4,281	Rural	6	6	6	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
2	Comanche	Comanche	4,482	Rural	6	6	5	No
2	Cross Plains	Callahan	1,068	Rural	6	6	6	No
2	Crowell	Foard	1,141	Rural	4	4	4	No
2	De Leon	Comanche	2,433	Rural	5	5	6	No
2	Dean	Clay	341	Rural	6	6	5	No
2	Early	Brown	2,588	Rural	6	6	6	No
2	Eastland	Eastland	3,769	Rural	5	7	7	No
2	Elbert	Throckmorton	56	Rural	5	5	2	No
2	Electra	Wichita	3,168	Rural	7	6	7	No
2	Girard	Kent	62	Rural	2	2	5	No
2	Goree	Knox	321	Rural	2	2	6	No
2	Gorman	Eastland	1,236	Rural	5	5	5	No
2	Graham	Young	8,716	Rural	6	6	6	No
2	Gustine	Comanche	457	Rural	6	6	6	No
2	Hamlin	Jones	2,248	Rural	5	5	7	No
2	Haskell	Haskell	3,106	Rural	5	5	6	No
2	Hawley	Jones	646	Rural	6	6	6	No
2	Henrietta	Clay	3,264	Rural	5	5	5	No
2	Hermleigh	Scurry	393	Rural	6	5	7	No
2	Holliday	Archer	1,632	Rural	2	2	6	No
2	Impact	Taylor	39	Urb/Exurb.	4	4	4	No
2	Iowa Park	Wichita	6,431	Rural	6	6	5	No
2	Jacksboro	Jack	4,533	Rural	5	5	6	No
2	Jayton	Kent	513	Rural	2	2	2	No
2	Jolly	Clay	188	Rural	6	6	6	No
2	Knox City	Knox	1,219	Rural	4	4	6	No
2	Lake Brownwood	Brown	1,694	Rural	7	7	7	No
2	Lakeside City	Archer	984	Urb/Exurb.	4	4	4	No
2	Lawn	Taylor	353	Rural	4	4	5	No
2	Loraine	Mitchell	656	Rural	5	5	4	No
2	Lueders	Jones	300	Rural	5	5	7	No
2	Megargel	Archer	248	Rural	2	2	4	No
2	Merkel	Taylor	2,637	Rural	6	6	4	No
2	Miles	Runnels	850	Rural	5	5	6	No
2	Moran	Shackelford	233	Rural	4	2	5	No
2	Munday	Knox	1,527	Rural	2	2	4	No
2	Newcastle	Young	575	Rural	7	7	6	No
2	Nocona	Montague	3,198	Rural	5	5	5	No
2	Novice	Coleman	142	Rural	4	4	4	No
2	O'Brien	Haskell	132	Rural	4	4	6	No
2	Olney	Young	3,396	Rural	6	5	6	No
2	Paducah	Cottle	1,498	Rural	2	2	2	No
2	Petrolia	Clay	782	Rural	6	6	4	No
2	Pleasant Valley	Wichita	408	Urb/Exurb.	7	7	6	No
2	Potosi	Taylor	1,664	Urb/Exurb.	6	6	4	No
2	Putnam	Callahan	88	Rural	6	6	5	No
2	Quanah	Hardeman	3,022	Rural	6	6	2	No
2	Ranger	Eastland	2,584	Rural	5	5	7	No
2	Rising Star	Eastland	835	Rural	6	6	7	No
2	Roby	Fisher	673	Rural	4	4	2	No
2	Rochester	Haskell	378	Rural	5	5	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
2	Roscoe	Nolan	1,378	Rural	5	5	6	No
2	Rotan	Fisher	1,611	Rural	4	4	2	No
2	Rule	Haskell	698	Rural	5	5	6	No
2	Santa Anna	Coleman	1,081	Rural	4	5	5	No
2	Scotland	Archer	438	Rural	2	2	5	No
2	Seymour	Baylor	2,908	Rural	4	2	2	No
2	Snyder	Scurry	10,783	Rural	4	5	6	No
2	St. Jo	Montague	977	Rural	5	5	7	No
2	Stamford	Jones	3,636	Rural	5	4	6	No
2	Sunset	Montague	339	Rural	5	5	7	No
2	Sweetwater	Nolan	11,415	Rural	7	7	6	No
2	Throckmorton	Throckmorton	905	Rural	2	2	2	No
2	Trent	Taylor	318	Rural	6	5	4	No
2	Tuscola	Taylor	714	Rural	4	4	4	No
2	Tye	Taylor	1,158	Urb/Exurb.	6	6	5	No
2	Vernon	Wilbarger	11,660	Rural	5	6	6	No
2	Weinert	Haskell	177	Rural	6	6	5	No
2	Westbrook	Mitchell	203	Rural	6	5	5	No
2	Windthorst	Archer	440	Rural	2	2	6	No
2	Winters	Runnels	2,880	Rural	4	4	5	No
2	Woodson	Throckmorton	296	Rural	4	2	4	No
3	Addison	Dallas	14,166	Urb/Exurb.	6	6	5	Yes
3	Aledo	Parker	1,726	Rural	5	5	6	No
3	Allen	Collin	43,554	Urb/Exurb.	6	7	5	No
3	Alma	Ellis	302	Rural	6	7	7	No
3	Alvarado	Johnson	3,288	Rural	4	5	7	No
3	Alvord	Wise	1,007	Rural	5	5	4	No
3	Angus	Navarro	334	Rural	5	5	5	No
3	Anna	Collin	1,225	Rural	7	7	5	No
3	Annetta	Parker	1,108	Rural	6	6	4	No
3	Annetta North	Parker	467	Rural	6	6	4	No
3	Annetta South	Parker	555	Rural	6	6	4	No
3	Argyle	Denton	2,365	Urb/Exurb.	6	5	5	No
3	Aubrey	Denton	1,500	Rural	7	7	7	No
3	Aurora	Wise	853	Rural	5	5	6	No
3	Bailey	Fannin	213	Rural	5	5	2	No
3	Bardwell	Ellis	583	Rural	4	5	7	No
3	Barry	Navarro	209	Rural	6	6	5	No
3	Bartonville	Denton	1,093	Rural	5	5	5	No
3	Bells	Grayson	1,190	Rural	7	7	7	No
3	Blooming Grove	Navarro	833	Rural	5	4	6	No
3	Blue Ridge	Collin	672	Rural	7	7	7	No
3	Bonham	Fannin	9,990	Rural	5	5	4	No
3	Boyd	Wise	1,099	Rural	4	4	5	No
3	Briar	Tarrant	5,350	Rural	5	5	6	Yes
3	Briaroaks	Johnson	493	Rural	4	5	6	No
3	Bridgeport	Wise	4,309	Rural	4	4	6	No
3	Burleson	Johnson	20,976	Urb/Exurb.	5	6	5	No
3	Caddo Mills	Hunt	1,149	Rural	7	7	6	No
3	Callisburg	Cooke	365	Rural	5	5	5	No
3	Campbell	Hunt	734	Rural	6	6	6	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
3	Carrollton	Denton	109,576	Urb/Exurb.	6	6	5	No
3	Celeste	Hunt	817	Rural	5	5	6	No
3	Celina	Collin	1,861	Urb/Exurb.	5	5	6	No
3	Chico	Wise	947	Rural	5	5	6	No
3	Cleburne	Johnson	26,005	Urb/Exurb.	5	7	7	No
3	Colleyville	Tarrant	19,636	Urb/Exurb.	6	5	5	Yes
3	Collinsville	Grayson	1,235	Rural	5	5	6	No
3	Combine	Kaufman	1,788	Rural	5	5	5	No
3	Commerce	Hunt	7,669	Rural	7	7	4	No
3	Cool	Parker	162	Rural	6	6	6	No
3	Copper Canyon	Denton	1,216	Urb/Exurb.	7	7	5	No
3	Corinth	Denton	11,325	Urb/Exurb.	5	6	5	No
3	Corral City	Denton	89	Rural	5	5	7	No
3	Corsicana	Navarro	24,485	Rural	5	6	6	No
3	Cottonwood	Kaufman	181	Rural	4	4	5	No
3	Crandall	Kaufman	2,774	Rural	5	4	5	No
3	Cross Roads	Denton	603	Rural	5	5	7	No
3	Cross Timber	Johnson	277	Rural	6	7	6	No
3	Dawson	Navarro	852	Rural	4	4	5	No
3	Decatur	Wise	5,201	Rural	4	4	5	No
3	Denison	Grayson	22,773	Urb/Exurb.	6	6	7	No
3	DeSoto	Dallas	37,646	Urb/Exurb.	5	7	6	Yes
3	Dodd City	Fannin	419	Rural	5	5	4	No
3	Dorchester	Grayson	109	Urb/Exurb.	5	5	7	No
3	Double Oak	Denton	2,179	Urb/Exurb.	7	7	5	No
3	Dublin	Erath	3,754	Rural	5	4	5	No
3	Eagle Mountain	Tarrant	6,599	Urb/Exurb.	6	6	6	Yes
3	Ector	Fannin	600	Rural	5	4	2	No
3	Edgecliff Village	Tarrant	2,550	Urb/Exurb.	7	7	6	Yes
3	Emhouse	Navarro	159	Rural	4	4	4	No
3	Ennis	Ellis	16,045	Rural	4	6	7	No
3	Eureka	Navarro	340	Rural	4	4	6	No
3	Fairview	Collin	2,644	Urb/Exurb.	7	7	5	No
3	Farmersville	Collin	3,118	Rural	5	5	5	No
3	Fate	Rockwall	497	Rural	6	5	5	No
3	Ferris	Ellis	2,175	Rural	5	6	5	No
3	Flower Mound	Denton	50,702	Urb/Exurb.	6	6	5	No
3	Forney	Kaufman	5,588	Rural	5	6	5	No
3	Frisco	Collin	33,714	Urb/Exurb.	6	6	5	No
3	Frost	Navarro	648	Rural	6	5	6	No
3	Gainesville	Cooke	15,538	Rural	5	5	4	No
3	Garrett	Ellis	448	Rural	6	7	7	No
3	Glen Rose	Somervell	2,122	Rural	4	4	4	No
3	Godley	Johnson	879	Rural	6	7	6	No
3	Goodlow	Navarro	264	Rural	4	4	6	No
3	Gordon	Palo Pinto	451	Rural	5	5	2	No
3	Graford	Palo Pinto	578	Rural	4	4	4	No
3	Granbury	Hood	5,718	Rural	5	5	4	No
3	Grandview	Johnson	1,358	Rural	5	6	7	No
3	Grays Prairie	Kaufman	296	Rural	6	6	4	No
3	Greenville	Hunt	23,960	Urb/Exurb.	6	7	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
3	Gunter	Grayson	1,230	Rural	6	6	5	No
3	Hackberry	Denton	544	Urb/Exurb.	7	7	7	No
3	Hawk Cove	Hunt	457	Rural	5	5	5	No
3	Heath	Rockwall	4,149	Urb/Exurb.	4	2	4	No
3	Hebron	Denton	874	Urb/Exurb.	5	5	5	No
3	Hickory Creek	Denton	2,078	Urb/Exurb.	5	5	6	No
3	Highland Park	Dallas	8,842	Urb/Exurb.	5	5	5	Yes
3	Highland Village	Denton	12,173	Urb/Exurb.	7	6	5	No
3	Honey Grove	Fannin	1,746	Rural	2	4	4	No
3	Howe	Grayson	2,478	Urb/Exurb.	6	6	7	No
3	Hudson Oaks	Parker	1,637	Rural	6	6	4	No
3	Italy	Ellis	1,993	Rural	5	5	6	No
3	Josephine	Collin	594	Rural	7	7	6	No
3	Joshua	Johnson	4,528	Urb/Exurb.	5	5	6	No
3	Justin	Denton	1,891	Rural	6	6	6	No
3	Kaufman	Kaufman	6,490	Rural	4	5	6	No
3	Keene	Johnson	5,003	Rural	6	6	7	No
3	Kemp	Kaufman	1,133	Rural	6	6	6	No
3	Kerens	Navarro	1,681	Rural	5	5	6	No
3	Knollwood	Grayson	375	Urb/Exurb.	7	7	7	No
3	Krugerville	Denton	903	Rural	7	7	6	No
3	Krum	Denton	1,979	Rural	5	5	6	No
3	Ladonia	Fannin	667	Rural	2	2	5	No
3	Lake Bridgeport	Wise	372	Rural	2	2	5	No
3	Lake Dallas	Denton	6,166	Rural	6	6	6	No
3	Lake Kiowa	Cooke	1,883	Rural	4	4	2	No
3	Lakewood Village	Denton	342	Rural	7	7	7	No
3	Lavon	Collin	387	Rural	5	5	6	No
3	Leonard	Fannin	1,846	Rural	5	4	4	No
3	Lewisville	Denton	77,737	Urb/Exurb.	6	6	5	No
3	Lincoln Park	Denton	517	Rural	5	5	7	No
3	Lindsay (Cooke)	Cooke	788	Rural	5	4	2	No
3	Lipan	Hood	425	Rural	2	2	5	No
3	Little Elm	Denton	3,646	Urb/Exurb.	5	6	7	No
3	Lone Oak	Hunt	521	Rural	5	5	6	No
3	Lowry Crossing	Collin	1,229	Urb/Exurb.	7	7	5	No
3	Lucas	Collin	2,890	Urb/Exurb.	7	7	5	No
3	Mabank	Kaufman	2,151	Rural	6	6	5	No
3	Marshall Creek	Denton	431	Rural	7	7	7	No
3	Maypearl	Ellis	746	Rural	5	6	7	No
3	McKinney	Collin	54,369	Urb/Exurb.	6	7	5	No
3	McLendon-Chisholm	Rockwall	914	Rural	6	5	4	No
3	Melissa	Collin	1,350	Urb/Exurb.	6	6	6	No
3	Mesquite	Dallas	124,523	Urb/Exurb.	6	6	6	Yes
3	Midlothian	Ellis	7,480	Urb/Exurb.	5	5	6	No
3	Mildred	Navarro	405	Rural	6	6	5	No
3	Milford	Ellis	685	Rural	4	5	7	No
3	Millsap	Parker	353	Rural	4	4	5	No
3	Mineral Wells	Palo Pinto	16,946	Rural	4	4	4	No
3	Mingus	Palo Pinto	246	Rural	5	5	2	No
3	Mobile City	Rockwall	196	Rural	4	2	6	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
3	Muenster	Cooke	1,556	Rural	6	5	4	No
3	Murphy	Collin	3,099	Urb/Exurb.	7	7	5	No
3	Mustang	Navarro	47	Rural	4	4	6	No
3	Navarro	Navarro	191	Rural	4	4	4	No
3	Nevada	Collin	563	Rural	5	5	5	No
3	New Fairview	Wise	877	Rural	4	4	6	No
3	New Hope	Collin	662	Rural	5	5	5	No
3	Newark	Wise	887	Rural	5	5	5	No
3	Neylandville	Hunt	56	Rural	5	5	6	No
3	North Richland Hills	Tarrant	55,635	Urb/Exurb.	6	6	5	Yes
3	Northlake	Denton	921	Urb/Exurb.	6	6	7	No
3	Oak Grove	Kaufman	710	Rural	6	6	4	No
3	Oak Leaf	Ellis	1,209	Rural	6	7	5	No
3	Oak Point	Denton	1,747	Rural	7	6	6	No
3	Oak Ridge (Cooke)	Cooke	224	Rural	6	6	5	No
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6	No
3	Oak Trail Shores	Hood	2,475	Rural	2	2	5	No
3	Oak Valley	Navarro	401	Rural	5	5	6	No
3	Ovilla	Ellis	3,405	Urb/Exurb.	6	7	6	No
3	Palmer	Ellis	1,774	Rural	4	5	7	No
3	Paradise	Wise	459	Rural	5	5	6	No
3	Parker	Collin	1,379	Urb/Exurb.	5	5	5	No
3	Pecan Acres	Wise	2,289	Rural	5	5	5	No
3	Pecan Hill	Ellis	672	Rural	5	6	6	No
3	Pecan Plantation	Hood	3,544	Rural	4	4	2	No
3	Pelican Bay	Tarrant	1,505	Rural	6	6	7	Yes
3	Pilot Point	Denton	3,538	Rural	6	5	6	No
3	Ponder	Denton	507	Rural	6	6	6	No
3	Post Oak Bend City	Kaufman	404	Rural	5	4	5	No
3	Pottsboro	Grayson	1,579	Rural	6	6	5	No
3	Powell	Navarro	105	Rural	4	4	6	No
3	Princeton	Collin	3,477	Urb/Exurb.	6	6	7	No
3	Prosper	Collin	2,097	Urb/Exurb.	6	6	6	No
3	Quinlan	Hunt	1,370	Rural	7	7	5	No
3	Ravenna	Fannin	215	Rural	2	2	5	No
3	Red Oak	Ellis	4,301	Urb/Exurb.	6	7	6	No
3	Rendon	Tarrant	9,022	Urb/Exurb.	5	5	7	Yes
3	Reno (Parker)	Parker	2,441	Rural	6	6	6	No
3	Retreat	Navarro	339	Rural	5	5	6	No
3	Rhome	Wise	551	Rural	4	4	6	No
3	Rice	Navarro	798	Rural	5	5	5	No
3	Richardson	Dallas	91,802	Urb/Exurb.	6	6	5	Yes
3	Richland	Navarro	291	Rural	6	6	6	No
3	Rio Vista	Johnson	656	Rural	4	5	7	No
3	Roanoke	Denton	2,810	Urb/Exurb.	6	6	7	No
3	Rockwall	Rockwall	17,976	Urb/Exurb.	5	4	5	No
3	Rosser	Kaufman	379	Rural	6	6	4	No
3	Royse City	Rockwall	2,957	Rural	5	4	6	No
3	Runaway Bay	Wise	1,104	Rural	5	5	6	No
3	Sadler	Grayson	404	Rural	7	7	7	No
3	Sanctuary	Parker	256	Rural	6	6	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
3	Sanger	Denton	4,534	Rural	5	6	6	No
3	Savoy	Fannin	850	Rural	5	5	2	No
3	Shady Shores	Denton	1,461	Urb/Exurb.	5	5	6	No
3	Sherman	Grayson	35,082	Urb/Exurb.	6	7	6	No
3	Southmayd	Grayson	992	Rural	6	6	6	No
3	Springtown	Parker	2,062	Rural	4	5	6	No
3	St. Paul (Collin)	Collin	630	Rural	5	5	5	No
3	Stephenville	Erath	14,921	Rural	6	6	4	No
3	Strawn	Palo Pinto	739	Rural	4	4	5	No
3	Sunnyvale	Dallas	2,693	Urb/Exurb.	5	5	6	Yes
3	Talty	Kaufman	1,028	Rural	4	4	4	No
3	Terrell	Kaufman	13,606	Rural	5	6	6	No
3	The Colony	Denton	26,531	Urb/Exurb.	6	5	5	No
3	Tioga	Grayson	754	Rural	5	5	6	No
3	Tolar	Hood	504	Rural	2	2	2	No
3	Tom Bean	Grayson	941	Rural	5	5	7	No
3	Trenton	Fannin	662	Rural	4	2	2	No
3	Trophy Club	Denton	6,350	Urb/Exurb.	6	6	5	No
3	Valley View	Cooke	737	Rural	5	4	2	No
3	Van Alstyne	Grayson	2,502	Rural	5	5	5	No
3	Venus	Johnson	910	Rural	4	5	6	No
3	Waxahachie	Ellis	21,426	Urb/Exurb.	4	6	6	No
3	Weatherford	Parker	19,000	Rural	5	6	5	No
3	West Tawakoni	Hunt	1,462	Rural	7	7	6	No
3	Westminster	Collin	390	Rural	5	5	7	No
3	Weston	Collin	635	Urb/Exurb.	6	6	5	No
3	Westover Hills	Tarrant	658	Urb/Exurb.	5	5	5	Yes
3	Whitesboro	Grayson	3,760	Rural	7	7	6	No
3	Whitewright	Grayson	1,740	Rural	7	7	7	No
3	Willow Park	Parker	2,849	Rural	4	4	4	No
3	Windom	Fannin	245	Rural	2	2	4	No
3	Wolfe City	Hunt	1,566	Rural	7	6	5	No
3	Wylie	Collin	15,132	Rural	5	6	6	No
4	Alba	Wood	430	Rural	6	6	6	No
4	Alto	Cherokee	1,190	Rural	6	5	6	No
4	Annona	Red River	282	Rural	6	6	6	No
4	Arp	Smith	901	Rural	4	4	5	No
4	Athens	Henderson	11,297	Rural	6	7	6	No
4	Atlanta	Cass	5,745	Rural	5	4	5	No
4	Avery	Red River	462	Rural	5	5	4	No
4	Avinger	Cass	464	Rural	6	6	5	No
4	Beckville	Panola	752	Rural	6	6	4	No
4	Berryville	Henderson	891	Rural	6	6	7	No
4	Big Sandy	Upshur	1,288	Rural	4	4	6	No
4	Bloomburg	Cass	375	Rural	4	4	6	No
4	Blossom	Lamar	1,439	Rural	5	5	5	No
4	Bogata	Red River	1,396	Rural	4	4	5	No
4	Brownsboro	Henderson	796	Rural	7	7	6	No
4	Bullard	Smith	1,150	Rural	6	5	4	No
4	Caney City	Henderson	236	Rural	7	7	7	No
4	Canton	Van Zandt	3,292	Rural	5	4	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
4	Carthage	Panola	6,664	Rural	5	6	5	No
4	Chandler	Henderson	2,099	Rural	6	6	5	No
4	Clarksville	Red River	3,883	Rural	5	5	4	No
4	Clarksville City	Gregg	806	Rural	6	5	6	No
4	Coffee City	Henderson	193	Rural	5	5	7	No
4	Como	Hopkins	621	Rural	6	6	6	No
4	Cooper	Delta	2,150	Rural	5	5	5	No
4	Cumby	Hopkins	616	Rural	7	7	5	No
4	Cuney	Cherokee	145	Rural	6	6	7	No
4	Daingerfield	Morris	2,517	Rural	6	6	4	No
4	De Kalb	Bowie	1,769	Rural	7	6	6	No
4	Deport	Lamar	718	Rural	5	5	5	No
4	Detroit	Red River	776	Rural	5	5	5	No
4	Domino	Cass	52	Rural	4	4	4	No
4	Douglassville	Cass	175	Rural	4	4	4	No
4	East Mountain	Upshur	580	Rural	5	5	5	No
4	East Tawakoni	Rains	775	Rural	5	5	2	No
4	Easton	Gregg	524	Rural	5	5	6	No
4	Edgewood	Van Zandt	1,348	Rural	6	5	5	No
4	Edom	Van Zandt	322	Rural	6	6	6	No
4	Elkhart	Anderson	1,215	Rural	7	7	6	No
4	Emory	Rains	1,021	Rural	5	5	4	No
4	Enchanted Oaks	Henderson	357	Rural	7	7	5	No
4	Eustace	Henderson	798	Rural	5	5	5	No
4	Frankston	Anderson	1,209	Rural	5	5	6	No
4	Fruitvale	Van Zandt	418	Rural	4	4	4	No
4	Gallatin	Cherokee	378	Rural	6	6	6	No
4	Gary City	Panola	303	Rural	4	4	4	No
4	Gilmer	Upshur	4,799	Rural	6	6	4	No
4	Gladewater	Gregg	6,078	Rural	7	7	6	No
4	Grand Saline	Van Zandt	3,028	Rural	4	4	5	No
4	Gun Barrel City	Henderson	5,145	Rural	6	6	7	No
4	Hallsville	Harrison	2,772	Rural	5	5	5	No
4	Hawkins	Wood	1,331	Rural	6	6	5	No
4	Henderson	Rusk	11,273	Rural	4	4	4	No
4	Hooks	Bowie	2,973	Rural	6	6	5	No
4	Hughes Springs	Cass	1,856	Rural	5	4	4	No
4	Jacksonville	Cherokee	13,868	Rural	6	6	6	No
4	Jefferson	Marion	2,024	Rural	5	5	5	No
4	Kilgore	Gregg	11,301	Rural	5	6	6	No
4	Lakeport	Gregg	861	Rural	6	6	7	No
4	Leary	Bowie	555	Rural	5	5	7	No
4	Liberty City	Gregg	1,935	Rural	5	5	5	No
4	Lindale	Smith	2,954	Rural	5	5	5	No
4	Linden	Cass	2,256	Rural	5	5	4	No
4	Log Cabin	Henderson	733	Rural	7	7	5	No
4	Lone Star	Morris	1,631	Rural	5	6	4	No
4	Malakoff	Henderson	2,257	Rural	6	6	6	No
4	Marietta	Cass	112	Rural	4	4	6	No
4	Marshall	Harrison	23,935	Rural	5	6	6	No
4	Maud	Bowie	1,028	Rural	7	7	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
4	Miller's Cove	Titus	120	Rural	6	6	6	No
4	Mineola	Wood	4,550	Rural	5	5	4	No
4	Moore Station	Henderson	184	Rural	7	7	7	No
4	Mount Enterprise	Rusk	525	Rural	4	4	5	No
4	Mount Pleasant	Titus	13,935	Rural	5	5	5	No
4	Mount Vernon	Franklin	2,286	Rural	2	5	4	No
4	Murchison	Henderson	592	Rural	5	5	6	No
4	Naples	Morris	1,410	Rural	6	6	6	No
4	Nash	Bowie	2,169	Urb/Exurb.	7	5	7	No
4	Nesbitt	Harrison	302	Rural	5	5	7	No
4	New Boston	Bowie	4,808	Rural	7	7	5	No
4	New Chapel Hill	Smith	553	Rural	4	4	6	No
4	New London	Rusk	987	Rural	5	5	5	No
4	New Summerfield	Cherokee	998	Rural	5	5	5	No
4	Noonday	Smith	515	Rural	5	5	4	No
4	Omaha	Morris	999	Rural	6	6	4	No
4	Ore City	Upshur	1,106	Rural	6	6	6	No
4	Overton	Rusk	2,350	Rural	6	6	5	No
4	Palestine	Anderson	17,598	Rural	6	7	6	No
4	Paris	Lamar	25,898	Rural	6	7	6	No
4	Payne Springs	Henderson	683	Rural	5	5	5	No
4	Pecan Gap	Delta	214	Rural	5	4	5	No
4	Pittsburg	Camp	4,347	Rural	2	4	4	No
4	Point	Rains	792	Rural	5	5	5	No
4	Poynor	Henderson	314	Rural	7	7	6	No
4	Queen City	Cass	1,613	Rural	6	6	4	No
4	Quitman	Wood	2,030	Rural	5	5	5	No
4	Red Lick	Bowie	853	Rural	7	7	5	No
4	Redwater	Bowie	872	Rural	6	6	7	No
4	Reklaw	Cherokee	327	Rural	5	5	7	No
4	Reno (Lamar)	Lamar	2,767	Rural	5	5	5	No
4	Rocky Mound	Camp	93	Rural	2	2	5	No
4	Roxton	Lamar	694	Rural	6	6	7	No
4	Rusk	Cherokee	5,085	Rural	7	6	5	No
4	Scottsville	Harrison	263	Rural	6	6	7	No
4	Seven Points	Henderson	1,145	Rural	5	7	7	No
4	Star Harbor	Henderson	416	Rural	5	5	5	No
4	Sulphur Springs	Hopkins	14,551	Rural	7	6	5	No
4	Sun Valley	Lamar	51	Rural	5	5	7	No
4	Talco	Titus	570	Rural	6	6	6	No
4	Tatum	Rusk	1,175	Rural	5	5	5	No
4	Texarkana	Bowie	34,782	Urb/Exurb.	6	7	5	No
4	Tira	Hopkins	248	Rural	5	5	6	No
4	Toco	Lamar	89	Rural	7	7	7	No
4	Tool	Henderson	2,275	Rural	5	5	6	No
4	Trinidad	Henderson	1,091	Rural	7	6	5	No
4	Troup	Smith	1,949	Rural	5	5	6	No
4	Uncertain	Harrison	150	Rural	7	7	7	No
4	Union Grove	Upshur	346	Rural	4	4	6	No
4	Van	Van Zandt	2,362	Rural	6	6	4	No
4	Wake Village	Bowie	5,129	Urb/Exurb.	6	6	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
4	Warren City	Gregg	343	Rural	7	7	7	No
4	Waskom	Harrison	2,068	Rural	5	5	6	No
4	Wells	Cherokee	769	Rural	7	6	7	No
4	White Oak	Gregg	5,624	Urb/Exurb.	6	6	6	No
4	Whitehouse	Smith	5,346	Rural	4	5	4	No
4	Wills Point	Van Zandt	3,496	Rural	5	4	6	No
4	Winfield	Titus	499	Rural	5	4	6	No
4	Winnsboro	Wood	3,584	Rural	5	5	4	No
4	Winona	Smith	582	Rural	4	4	4	No
4	Yantis	Wood	321	Rural	4	4	6	No
5	Appleby	Nacogdoches	444	Rural	7	6	6	No
5	Bevil Oaks	Jefferson	1,346	Rural	5	5	5	Yes
5	Broaddus	San Augustine	189	Rural	5	5	5	No
5	Browndell	Jasper	219	Rural	5	5	7	No
5	Buna	Jasper	2,269	Rural	5	5	6	No
5	Burke	Angelina	315	Rural	7	7	6	No
5	Center	Shelby	5,678	Rural	5	5	5	No
5	Central Gardens	Jefferson	4,106	Rural	5	5	5	Yes
5	Chester	Tyler	265	Rural	4	4	6	No
5	Chireno	Nacogdoches	405	Rural	6	6	5	No
5	Coldspring	San Jacinto	691	Rural	4	4	5	No
5	Colmesneil	Tyler	638	Rural	5	5	6	No
5	Corrigan	Polk	1,721	Rural	7	7	6	No
5	Crockett	Houston	7,141	Rural	5	5	6	No
5	Cushing	Nacogdoches	637	Rural	6	6	5	No
5	Deweyville	Newton	1,190	Rural	4	4	4	No
5	Diboll	Angelina	5,470	Rural	5	5	6	No
5	Evadale	Jasper	1,430	Rural	5	5	6	No
5	Garrison	Nacogdoches	844	Rural	5	5	5	No
5	Goodrich	Polk	243	Rural	5	5	7	No
5	Grapeland	Houston	1,451	Rural	6	6	6	No
5	Groves	Jefferson	15,733	Urb/Exurb.	6	5	5	Yes
5	Groveton	Trinity	1,107	Rural	6	6	6	No
5	Hemphill	Sabine	1,106	Rural	2	4	5	No
5	Hudson	Angelina	3,792	Rural	6	6	6	No
5	Huntington	Angelina	2,068	Rural	7	6	6	No
5	Huxley	Shelby	298	Rural	4	4	4	No
5	Jasper	Jasper	8,247	Rural	6	6	7	No
5	Joaquin	Shelby	925	Rural	4	5	6	No
5	Kennard	Houston	317	Rural	6	6	6	No
5	Kirbyville	Jasper	2,085	Rural	7	6	6	No
5	Latexo	Houston	272	Rural	4	4	6	No
5	Livingston	Polk	5,433	Rural	7	7	6	No
5	Lovelady	Houston	608	Rural	6	6	4	No
5	Lufkin	Angelina	32,709	Rural	6	7	6	No
5	Lumberton	Hardin	8,731	Rural	4	2	4	Yes
5	Mauriceville	Orange	2,743	Rural	4	4	4	Yes
5	Milam	Sabine	1,329	Rural	2	2	4	No
5	Nacogdoches	Nacogdoches	29,914	Rural	7	7	6	No
5	Nederland	Jefferson	17,422	Urb/Exurb.	6	6	5	Yes
5	Newton	Newton	2,459	Rural	5	5	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
5	Nome	Jefferson	515	Rural	7	6	7	Yes
5	Oakhurst	San Jacinto	230	Rural	4	2	5	No
5	Onalaska	Polk	1,174	Rural	7	7	7	No
5	Pine Forest	Orange	632	Rural	5	5	4	Yes
5	Pineland	Sabine	980	Rural	5	5	5	No
5	Pinewood Estates	Hardin	1,633	Rural	4	2	4	Yes
5	Point Blank	San Jacinto	559	Rural	4	2	6	No
5	Port Neches	Jefferson	13,601	Urb/Exurb.	5	5	5	Yes
5	Rose City	Orange	519	Rural	5	5	6	Yes
5	Rose Hill Acres	Hardin	480	Urb/Exurb.	6	5	4	Yes
5	San Augustine	San Augustine	2,475	Rural	4	4	2	No
5	Seven Oaks	Polk	131	Rural	5	5	5	No
5	Shepherd	San Jacinto	2,029	Rural	2	2	5	No
5	South Toledo Bend	Newton	576	Rural	2	2	4	No
5	Tenaha	Shelby	1,046	Rural	5	5	6	No
5	Timpson	Shelby	1,094	Rural	6	6	6	No
5	Trinity	Trinity	2,721	Rural	5	5	6	No
5	West Livingston	Polk	6,612	Rural	6	6	7	No
5	Woodville	Tyler	2,415	Rural	6	6	5	No
5	Zavalla	Angelina	647	Rural	7	7	5	No
6	Aldine	Harris	13,979	Urb/Exurb.	5	5	7	Yes
6	Ames	Liberty	1,079	Rural	5	4	6	Yes
6	Anahuac	Chambers	2,210	Rural	5	4	6	No
6	Angleton	Brazoria	18,130	Rural	5	5	5	Yes
6	Atascocita	Harris	35,757	Urb/Exurb.	6	6	5	Yes
6	Bacliff	Galveston	6,962	Urb/Exurb.	7	7	7	No
6	Barrett	Harris	2,872	Rural	7	7	7	Yes
6	Bay City	Matagorda	18,667	Rural	5	5	4	No
6	Bayou Vista	Galveston	1,644	Rural	6	6	6	No
6	Baytown	Harris	66,430	Urb/Exurb.	6	6	6	Yes
6	Beach City	Chambers	1,645	Urb/Exurb.	4	2	5	No
6	Bellville	Austin	3,794	Rural	2	2	2	No
6	Blessing	Matagorda	861	Rural	4	4	6	No
6	Boling-Iago	Wharton	1,271	Rural	4	4	5	No
6	Bolivar Peninsula	Galveston	3,853	Rural	7	7	6	No
6	Brookshire	Waller	3,450	Rural	6	6	6	No
6	Bunker Hill Village	Harris	3,654	Urb/Exurb.	7	7	6	Yes
6	Channelview	Harris	29,685	Urb/Exurb.	7	6	6	Yes
6	Cinco Ranch	Fort Bend	11,196	Urb/Exurb.	7	6	5	Yes
6	Clear Lake Shores	Galveston	1,205	Urb/Exurb.	6	6	5	No
6	Cleveland	Liberty	7,605	Rural	6	6	6	Yes
6	Cloverleaf	Harris	23,508	Urb/Exurb.	7	7	6	Yes
6	Columbus	Colorado	3,916	Rural	2	2	2	No
6	Conroe	Montgomery	36,811	Urb/Exurb.	6	6	7	Yes
6	Cove	Chambers	323	Rural	5	5	4	No
6	Crosby	Harris	1,714	Rural	6	6	7	Yes
6	Cumings	Fort Bend	683	Urb/Exurb.	5	5	5	Yes
6	Cut and Shoot	Montgomery	1,158	Urb/Exurb.	7	7	6	Yes
6	Daisetta	Liberty	1,034	Rural	5	5	6	Yes
6	Damon	Brazoria	535	Rural	6	6	6	Yes
6	Dayton Lakes	Liberty	101	Rural	4	4	4	Yes

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
6	Devers	Liberty	416	Rural	6	6	6	Yes
6	Dickinson	Galveston	17,093	Urb/Exurb.	7	7	6	No
6	Eagle Lake	Colorado	3,664	Rural	4	4	5	No
6	East Bernard	Wharton	1,729	Rural	5	5	5	No
6	El Campo	Wharton	10,945	Rural	5	5	5	No
6	El Lago	Harris	3,075	Urb/Exurb.	6	5	5	Yes
6	Fifth Street	Fort Bend	2,059	Urb/Exurb.	6	6	7	Yes
6	Four Corners	Fort Bend	2,954	Urb/Exurb.	6	6	7	Yes
6	Fresno	Fort Bend	6,603	Urb/Exurb.	7	7	6	Yes
6	Friendswood	Galveston	29,037	Urb/Exurb.	7	7	5	No
6	Greatwood	Fort Bend	6,640	Urb/Exurb.	7	7	5	Yes
6	Hardin	Liberty	755	Rural	4	4	6	Yes
6	Hedwig Village	Harris	2,334	Urb/Exurb.	6	6	5	Yes
6	Hempstead	Waller	4,691	Rural	5	6	6	No
6	Highlands	Harris	7,089	Urb/Exurb.	6	5	6	Yes
6	Hillcrest	Brazoria	722	Urb/Exurb.	6	6	5	Yes
6	Hilshire Village	Harris	720	Urb/Exurb.	7	7	5	Yes
6	Hitchcock	Galveston	6,386	Urb/Exurb.	5	7	7	No
6	Holiday Lakes	Brazoria	1,095	Rural	6	6	4	Yes
6	Hungerford	Wharton	645	Rural	4	4	6	No
6	Hunters Creek Village	Harris	4,374	Urb/Exurb.	5	5	5	Yes
6	Huntsville	Walker	35,078	Rural	7	7	5	No
6	Industry	Austin	304	Rural	2	2	5	No
6	Jamaica Beach	Galveston	1,075	Urb/Exurb.	7	7	6	No
6	Jersey Village	Harris	6,880	Urb/Exurb.	5	5	5	Yes
6	Kemah	Galveston	2,330	Urb/Exurb.	7	7	6	No
6	Kenefick	Liberty	667	Rural	5	5	6	Yes
6	La Marque	Galveston	13,682	Urb/Exurb.	7	7	7	No
6	League City	Galveston	45,444	Urb/Exurb.	5	6	5	No
6	Liverpool	Brazoria	404	Rural	6	6	4	Yes
6	Louise	Wharton	977	Rural	4	4	5	No
6	Magnolia	Montgomery	1,111	Rural	6	6	7	Yes
6	Markham	Matagorda	1,138	Rural	4	4	4	No
6	Mission Bend	Fort Bend	30,831	Urb/Exurb.	6	6	6	Yes
6	Missouri City	Fort Bend	52,913	Urb/Exurb.	6	6	5	Yes
6	Mont Belvieu	Chambers	2,324	Rural	4	4	4	No
6	Montgomery	Montgomery	489	Rural	7	7	7	Yes
6	Nassau Bay	Harris	4,170	Urb/Exurb.	7	7	5	Yes
6	New Territory	Fort Bend	13,861	Urb/Exurb.	5	5	5	Yes
6	New Waverly	Walker	950	Rural	7	6	6	No
6	North Cleveland	Liberty	263	Rural	4	4	6	Yes
6	Oak Ridge North	Montgomery	2,991	Urb/Exurb.	6	6	5	Yes
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5	No
6	Palacios	Matagorda	5,153	Rural	4	5	5	No
6	Panorama Village	Montgomery	1,965	Urb/Exurb.	6	6	6	Yes
6	Pattison	Waller	447	Rural	5	4	6	No
6	Patton Village	Montgomery	1,391	Rural	7	7	6	Yes
6	Pecan Grove	Fort Bend	13,551	Rural	6	6	5	Yes
6	Pine Island	Waller	849	Rural	5	5	4	No
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	6	5	6	Yes
6	Piney Point Village	Harris	3,380	Urb/Exurb.	5	5	5	Yes

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6	Plum Grove	Liberty	930	Rural	4	4	6	Yes
6	Porter Heights	Montgomery	1,490	Rural	5	5	7	Yes
6	Prairie View	Waller	4,410	Rural	4	6	6	No
6	Quintana	Brazoria	38	Rural	4	4	6	Yes
6	Riverside	Walker	425	Rural	7	7	6	No
6	Roman Forest	Montgomery	1,279	Rural	5	5	5	Yes
6	San Felipe	Austin	868	Rural	5	5	2	No
6	San Leon	Galveston	4,365	Urb/Exurb.	7	7	6	No
6	Santa Fe	Galveston	9,548	Urb/Exurb.	6	6	6	No
6	Sealy	Austin	5,248	Rural	2	4	4	No
6	Sheldon	Harris	1,831	Rural	5	5	5	Yes
6	Shenandoah	Montgomery	1,503	Urb/Exurb.	7	7	5	Yes
6	Sienna Plantation	Fort Bend	1,896	Urb/Exurb.	6	6	5	Yes
6	Southside Place	Harris	1,546	Urb/Exurb.	7	7	5	Yes
6	Splendora	Montgomery	1,275	Rural	7	7	7	Yes
6	Spring	Harris	36,385	Urb/Exurb.	6	6	6	Yes
6	Spring Valley	Harris	3,611	Urb/Exurb.	6	5	5	Yes
6	Stagecoach	Montgomery	455	Rural	5	5	5	Yes
6	Stowell	Chambers	1,572	Rural	2	2	6	No
6	Sugar Land	Fort Bend	63,328	Urb/Exurb.	6	6	5	Yes
6	Taylor Lake Village	Harris	3,694	Urb/Exurb.	5	5	5	Yes
6	Texas City	Galveston	41,521	Urb/Exurb.	7	7	6	No
6	The Woodlands	Montgomery	55,649	Urb/Exurb.	5	7	5	Yes
6	Tiki Island	Galveston	1,016	Urb/Exurb.	5	5	6	No
6	Van Vleck	Matagorda	1,411	Rural	4	4	5	No
6	Wallis	Austin	1,172	Rural	2	2	4	No
6	Weimar	Colorado	1,981	Rural	4	4	5	No
6	Wharton	Wharton	9,237	Rural	5	6	6	No
6	Wild Peach Village	Brazoria	2,498	Rural	4	4	5	Yes
6	Willis	Montgomery	3,985	Rural	5	6	7	Yes
6	Winnie	Chambers	2,914	Rural	2	2	6	No
6	Woodbranch	Montgomery	1,305	Rural	5	5	6	Yes
6	Woodloch	Montgomery	247	Rural	7	7	5	Yes
7	Anderson Mill	Williamson	8,953	Urb/Exurb.	7	7	5	No
7	Bartlett	Williamson	1,675	Rural	7	7	6	No
7	Barton Creek	Travis	1,589	Urb/Exurb.	7	7	5	No
7	Bastrop	Bastrop	5,340	Rural	5	5	6	No
7	Bear Creek	Hays	360	Rural	5	5	5	No
7	Bee Cave	Travis	656	Rural	6	6	5	No
7	Bertram	Burnet	1,122	Rural	5	5	6	No
7	Blanco	Blanco	1,505	Rural	5	5	5	No
7	Briarcliff	Travis	895	Rural	5	5	5	No
7	Brushy Creek	Williamson	15,371	Urb/Exurb.	6	6	5	No
7	Buchanan Dam	Llano	1,688	Rural	4	5	5	No
7	Buda	Hays	2,404	Urb/Exurb.	5	5	7	No
7	Burnet	Burnet	4,735	Rural	5	6	6	No
7	Camp Swift	Bastrop	4,731	Rural	4	4	6	No
7	Carmine	Fayette	228	Rural	6	6	6	No
7	Cedar Park	Williamson	26,049	Urb/Exurb.	5	7	6	No
7	Circle D-KC Estates	Bastrop	2,010	Rural	4	4	5	No
7	Cottonwood Shores	Burnet	877	Rural	6	5	5	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
7	Creedmoor	Travis	211	Rural	5	5	7	No
7	Dripping Springs	Hays	1,548	Rural	5	6	7	No
7	Elgin	Bastrop	5,700	Rural	5	6	5	No
7	Fayetteville	Fayette	261	Rural	5	4	6	No
7	Flatonia	Fayette	1,377	Rural	6	5	5	No
7	Florence	Williamson	1,054	Rural	7	7	7	No
7	Garfield	Travis	1,660	Rural	5	5	7	No
7	Georgetown	Williamson	28,339	Urb/Exurb.	6	6	6	No
7	Giddings	Lee	5,105	Rural	2	2	2	No
7	Granger	Williamson	1,299	Rural	7	6	7	No
7	Granite Shoals	Burnet	2,040	Rural	6	5	6	No
7	Hays	Hays	233	Rural	5	5	5	No
7	Highland Haven	Burnet	450	Rural	6	6	4	No
7	Horseshoe Bay	Llano	3,337	Rural	4	4	5	No
7	Hudson Bend	Travis	2,369	Urb/Exurb.	6	6	6	No
7	Hutto	Williamson	1,250	Rural	6	5	7	No
7	Johnson City	Blanco	1,191	Rural	2	4	4	No
7	Jollyville	Williamson	15,813	Urb/Exurb.	6	6	5	No
7	Jonestown	Travis	1,681	Rural	7	7	7	No
7	Kingsland	Llano	4,584	Rural	2	6	6	No
7	Kyle	Hays	5,314	Rural	5	5	7	No
7	La Grange	Fayette	4,478	Rural	5	5	4	No
7	Lago Vista	Travis	4,507	Rural	7	7	6	No
7	Lakeway	Travis	8,002	Rural	6	5	5	No
7	Leander	Williamson	7,596	Urb/Exurb.	7	5	7	No
7	Lexington	Lee	1,178	Rural	4	4	2	No
7	Liberty Hill	Williamson	1,409	Rural	5	5	7	No
7	Llano	Llano	3,325	Rural	4	6	4	No
7	Lockhart	Caldwell	11,615	Rural	5	5	6	No
7	Lost Creek	Travis	4,729	Urb/Exurb.	5	5	5	No
7	Luling	Caldwell	5,080	Rural	5	5	5	No
7	Manor	Travis	1,204	Urb/Exurb.	5	5	6	No
7	Marble Falls	Burnet	4,959	Rural	4	6	5	No
7	Martindale	Caldwell	953	Rural	6	5	4	No
7	Meadowlakes	Burnet	1,293	Rural	6	6	4	No
7	Mountain City	Hays	671	Rural	7	7	6	No
7	Mustang Ridge	Caldwell	785	Rural	4	4	6	No
7	Niederwald	Hays	584	Rural	6	6	6	No
7	Onion Creek	Travis	2,116	Urb/Exurb.	5	5	5	No
7	Pflugerville	Travis	16,335	Urb/Exurb.	5	5	6	No
7	Rollingwood	Travis	1,403	Urb/Exurb.	7	7	5	No
7	Round Mountain	Blanco	111	Rural	2	2	2	No
7	Round Rock	Williamson	61,136	Urb/Exurb.	6	6	5	No
7	Round Top	Fayette	77	Rural	4	4	6	No
7	San Leanna	Travis	384	Urb/Exurb.	7	7	5	No
7	San Marcos	Hays	34,733	Urb/Exurb.	7	7	7	No
7	Schulenburg	Fayette	2,699	Rural	6	6	5	No
7	Serenada	Williamson	1,847	Urb/Exurb.	7	7	5	No
7	Shady Hollow	Travis	5,140	Urb/Exurb.	6	5	5	No
7	Smithville	Bastrop	3,901	Rural	6	6	6	No
7	Sunrise Beach Village	Llano	704	Rural	5	6	4	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
7	Sunset Valley	Travis	365	Urb/Exurb.	7	6	6	No
7	Taylor	Williamson	13,575	Rural	6	6	6	No
7	The Hills	Travis	1,492	Rural	5	5	5	No
7	Thrall	Williamson	710	Rural	7	6	6	No
7	Uhland	Hays	386	Rural	7	7	6	No
7	Weir	Williamson	591	Rural	6	6	7	No
7	Wells Branch	Travis	11,271	Urb/Exurb.	6	6	6	No
7	West Lake Hills	Travis	3,116	Urb/Exurb.	5	5	5	No
7	Wimberley	Hays	3,797	Rural	6	6	7	No
7	Windemere	Travis	6,868	Urb/Exurb.	6	6	6	No
7	Woodcreek	Hays	1,274	Rural	7	7	6	No
7	Wyldwood	Bastrop	2,310	Rural	4	4	5	No
8	Abbott	Hill	300	Rural	6	6	5	No
8	Aquilla	Hill	136	Rural	7	7	4	No
8	Bellmead	McLennan	9,214	Urb/Exurb.	6	6	6	No
8	Belton	Bell	14,623	Urb/Exurb.	6	7	5	No
8	Beverly Hills	McLennan	2,113	Urb/Exurb.	7	7	7	No
8	Blum	Hill	399	Rural	7	7	4	No
8	Bruceville-Eddy	McLennan	1,490	Rural	6	6	6	No
8	Buckholts	Milam	387	Rural	6	7	4	No
8	Burton	Washington	359	Rural	4	4	5	Yes
8	Bynum	Hill	225	Rural	7	7	6	No
8	Cameron	Milam	5,634	Rural	4	6	6	No
8	Carl's Corner	Hill	134	Rural	7	7	6	No
8	Clifton	Bosque	3,542	Rural	2	5	5	No
8	Coolidge	Limestone	848	Rural	6	6	5	No
8	Copperas Cove	Coryell	29,592	Urb/Exurb.	6	6	6	No
8	Covington	Hill	282	Rural	5	5	5	No
8	Cranfills Gap	Bosque	335	Rural	4	5	6	No
8	Crawford	McLennan	705	Rural	5	5	6	No
8	Evant	Coryell	393	Rural	7	7	7	No
8	Fairfield	Freestone	3,094	Rural	5	5	6	No
8	Fort Hood	Bell	33,711	Urb/Exurb.	5	5	5	No
8	Gatesville	Coryell	15,591	Rural	7	7	6	No
8	Gholson	McLennan	922	Rural	5	5	6	No
8	Goldthwaite	Mills	1,802	Rural	4	4	4	No
8	Golinda	Falls	423	Rural	6	6	5	No
8	Groesbeck	Limestone	4,291	Rural	6	7	6	No
8	Hallsburg	McLennan	518	Rural	7	7	5	No
8	Hamilton	Hamilton	2,977	Rural	2	4	5	No
8	Harker Heights	Bell	17,308	Urb/Exurb.	6	6	5	No
8	Hewitt	McLennan	11,085	Urb/Exurb.	5	5	5	No
8	Hico	Hamilton	1,341	Rural	4	4	6	No
8	Hillsboro	Hill	8,232	Rural	7	7	5	No
8	Holland	Bell	1,102	Rural	6	6	7	No
8	Hubbard	Hill	1,586	Rural	5	5	6	No
8	Iredell	Bosque	360	Rural	4	5	6	No
8	Itasca	Hill	1,503	Rural	5	5	4	No
8	Kempner	Lampasas	1,004	Rural	6	5	5	No
8	Kirvin	Freestone	122	Rural	4	4	4	No
8	Kosse	Limestone	497	Rural	7	7	6	No

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8	Lacy-Lakeview	McLennan	5,764	Urb/Exurb.	6	6	6	No
8	Lampasas	Lampasas	6,786	Rural	5	5	5	No
8	Leona	Leon	181	Rural	5	5	2	Yes
8	Leroy	McLennan	335	Rural	5	5	6	No
8	Little River-Academy	Bell	1,645	Rural	7	7	5	No
8	Lometa	Lampasas	782	Rural	5	5	5	No
8	Lorena	McLennan	1,433	Rural	5	5	5	No
8	Lott	Falls	724	Rural	5	5	4	No
8	Madisonville	Madison	4,159	Rural	2	2	6	Yes
8	Malone	Hill	278	Rural	5	5	6	No
8	Marlin	Falls	6,628	Rural	5	5	6	No
8	Marquez	Leon	220	Rural	4	4	5	Yes
8	Mart	McLennan	2,273	Rural	7	7	6	No
8	McGregor	McLennan	4,727	Urb/Exurb.	7	7	6	No
8	Meridian	Bosque	1,491	Rural	2	5	5	No
8	Mertens	Hill	146	Rural	7	7	6	No
8	Mexia	Limestone	6,563	Rural	7	7	6	No
8	Milano	Milam	400	Rural	4	5	6	No
8	Millican	Brazos	108	Rural	2	2	5	Yes
8	Moody	McLennan	1,400	Rural	7	7	7	No
8	Morgan	Bosque	485	Rural	2	4	6	No
8	Morgan's Point Resort	Bell	2,989	Rural	6	5	5	No
8	Mount Calm	Hill	310	Rural	6	6	4	No
8	Mullin	Mills	175	Rural	5	4	5	No
8	Nolanville	Bell	2,150	Rural	7	7	6	No
8	Normangee	Leon	719	Rural	2	2	5	Yes
8	Oglesby	Coryell	458	Rural	7	7	6	No
8	Penelope	Hill	211	Rural	7	7	6	No
8	Richland Springs	San Saba	350	Rural	2	2	2	No
8	Riesel	McLennan	973	Rural	7	7	5	No
8	Robinson	McLennan	7,845	Urb/Exurb.	5	5	5	No
8	Rockdale	Milam	5,439	Rural	5	6	4	No
8	Rogers	Bell	1,117	Rural	6	6	6	No
8	Rosebud	Falls	1,493	Rural	5	4	5	No
8	Ross	McLennan	228	Rural	5	5	7	No
8	Salado	Bell	3,475	Rural	5	5	5	No
8	San Saba	San Saba	2,637	Rural	4	4	2	No
8	South Mountain	Coryell	412	Rural	6	5	5	No
8	Streetman	Freestone	203	Rural	4	4	6	No
8	Teague	Freestone	4,557	Rural	4	5	5	No
8	Tehuacana	Limestone	307	Rural	5	5	4	No
8	Temple	Bell	54,514	Urb/Exurb.	6	7	5	No
8	Thorndale	Milam	1,278	Rural	6	7	5	No
8	Thornton	Limestone	525	Rural	6	6	5	No
8	Todd Mission	Grimes	146	Rural	2	2	5	Yes
8	Troy	Bell	1,378	Rural	7	6	5	No
8	Valley Mills	Bosque	1,123	Rural	2	4	6	No
8	Walnut Springs	Bosque	755	Rural	2	4	5	No
8	West	McLennan	2,692	Rural	6	6	5	No
8	Whitney	Hill	1,833	Rural	7	7	6	No
8	Wixon Valley	Brazos	235	Rural	5	5	4	Yes

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
8	Woodway	McLennan	8,733	Urb/Exurb.	5	5	5	No
8	Wortham	Freestone	1,082	Rural	6	6	5	No
9	Alamo Heights	Bexar	7,319	Urb/Exurb.	6	5	6	Yes
9	Bandera	Bandera	957	Rural	2	6	5	No
9	Bigfoot	Frio	304	Rural	4	4	4	No
9	Boerne	Kendall	6,178	Rural	5	6	5	No
9	Bulverde	Comal	3,761	Rural	5	5	5	No
9	Canyon Lake	Comal	16,870	Rural	6	6	7	No
9	Castle Hills	Bexar	4,202	Urb/Exurb.	7	6	5	Yes
9	Castroville	Medina	2,664	Rural	5	5	5	No
9	Charlotte	Atascosa	1,637	Rural	4	4	5	No
9	Christine	Atascosa	436	Rural	4	4	6	No
9	Cibolo	Guadalupe	3,035	Rural	7	7	6	No
9	Comfort	Kendall	2,358	Rural	5	4	5	No
9	Cross Mountain	Bexar	1,524	Urb/Exurb.	5	4	5	Yes
9	Devine	Medina	4,140	Rural	6	6	6	No
9	Dilley	Frio	3,674	Rural	6	6	6	No
9	Fair Oaks Ranch	Bexar	4,695	Urb/Exurb.	6	5	5	Yes
9	Falls City	Karnes	591	Rural	4	4	2	No
9	Floresville	Wilson	5,868	Rural	5	6	5	No
9	Fredericksburg	Gillespie	8,911	Rural	2	5	6	No
9	Garden Ridge	Comal	1,882	Rural	7	7	5	No
9	Geronimo	Guadalupe	619	Urb/Exurb.	5	5	6	No
9	Harper	Gillespie	1,006	Rural	4	5	6	No
9	Hill Country Village	Bexar	1,028	Urb/Exurb.	5	4	5	Yes
9	Hilltop	Frio	300	Rural	4	4	5	No
9	Hollywood Park	Bexar	2,983	Urb/Exurb.	7	6	5	Yes
9	Hondo	Medina	7,897	Rural	4	6	5	No
9	Ingram	Kerr	1,740	Rural	7	7	7	No
9	Jourdanton	Atascosa	3,732	Rural	6	6	5	No
9	Karnes City	Karnes	3,457	Rural	5	5	5	No
9	Kenedy	Karnes	3,487	Rural	5	4	4	No
9	Kerrville	Kerr	20,425	Rural	7	7	7	No
9	Kingsbury	Guadalupe	652	Rural	5	5	6	No
9	La Vernia	Wilson	931	Rural	6	6	4	No
9	Lackland AFB	Bexar	7,123	Urb/Exurb.	5	4	7	Yes
9	LaCoste	Medina	1,255	Rural	5	5	6	No
9	Lakehills	Bandera	4,668	Rural	5	6	4	No
9	Lytle	Atascosa	2,383	Rural	4	5	6	No
9	Marion	Guadalupe	1,099	Rural	6	6	6	No
9	McQueeney	Guadalupe	2,527	Urb/Exurb.	6	5	6	No
9	Moore	Frio	644	Rural	4	4	4	No
9	Natalia	Medina	1,663	Rural	6	6	6	No
9	New Berlin	Guadalupe	467	Rural	5	5	5	No
9	New Braunfels	Comal	36,494	Urb/Exurb.	7	7	6	No
9	North Pearsall	Frio	561	Rural	5	4	6	No
9	Northcliff	Guadalupe	1,819	Rural	6	6	5	No
9	Olmos Park	Bexar	2,343	Urb/Exurb.	5	4	5	Yes
9	Pearsall	Frio	7,157	Rural	4	5	6	No
9	Pleasanton	Atascosa	8,266	Rural	6	6	6	No
9	Poteet	Atascosa	3,305	Rural	6	5	6	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
9	Poth	Wilson	1,850	Rural	5	5	4	No
9	Redwood	Guadalupe	3,586	Rural	6	6	7	No
9	Runge	Karnes	1,080	Rural	6	6	2	No
9	Santa Clara	Guadalupe	889	Rural	7	7	6	No
9	Scenic Oaks	Bexar	3,279	Urb/Exurb.	5	4	5	Yes
9	Schertz	Guadalupe	18,694	Urb/Exurb.	6	6	5	No
9	Seguin	Guadalupe	22,011	Urb/Exurb.	6	7	6	No
9	St. Hedwig	Bexar	1,875	Rural	7	6	5	Yes
9	Stockdale	Wilson	1,398	Rural	6	5	4	No
9	Stonewall	Gillespie	469	Rural	5	5	5	No
9	Terrell Hills	Bexar	5,019	Urb/Exurb.	6	4	5	Yes
9	Timberwood Park	Bexar	5,889	Urb/Exurb.	5	4	5	Yes
9	West Pearsall	Frio	349	Rural	6	6	4	No
9	Windcrest	Bexar	5,105	Urb/Exurb.	7	6	5	Yes
9	Zuehl	Guadalupe	346	Rural	5	5	6	No
10	Agua Dulce (Nueces)	Nueces	737	Rural	6	6	5	No
10	Airport Road Addition	Brooks	132	Rural	4	4	5	No
10	Alfred-South La Paloma	Jim Wells	451	Rural	5	5	6	No
10	Alice	Jim Wells	19,010	Rural	6	6	6	No
10	Alice Acres	Jim Wells	491	Rural	5	5	5	No
10	Aransas Pass	San Patricio	8,138	Rural	6	7	7	No
10	Austwell	Refugio	192	Rural	5	5	5	No
10	Bayside	Refugio	360	Rural	5	5	5	No
10	Beeville	Bee	13,129	Rural	6	7	5	No
10	Benavides	Duval	1,686	Rural	6	4	5	No
10	Bishop	Nueces	3,305	Rural	6	6	5	No
10	Bloomington	Victoria	2,562	Rural	7	7	6	No
10	Blue Berry Hill	Bee	982	Rural	5	5	6	No
10	Cantu Addition	Brooks	217	Rural	4	4	6	No
10	Concepcion	Duval	61	Rural	4	2	4	No
10	Coyote Acres	Jim Wells	389	Rural	5	5	7	No
10	Cuero	DeWitt	6,571	Rural	6	6	5	No
10	Del Sol-Loma Linda	San Patricio	726	Rural	5	5	7	No
10	Doyle	San Patricio	285	Urb/Exurb.	5	5	5	No
10	Driscoll	Nueces	825	Rural	6	7	4	No
10	Edgewater-Paisano	San Patricio	182	Rural	7	7	5	No
10	Edna	Jackson	5,899	Rural	5	6	6	No
10	Edroy	San Patricio	420	Rural	5	5	7	No
10	Encino	Brooks	177	Rural	4	4	6	No
10	Falfurrias	Brooks	5,297	Rural	6	6	6	No
10	Falman-County Acres	San Patricio	289	Rural	7	7	5	No
10	Flowella	Brooks	134	Rural	4	4	6	No
10	Freer	Duval	3,241	Rural	5	4	5	No
10	Fulton	Aransas	1,553	Rural	5	5	6	No
10	Ganado	Jackson	1,915	Rural	5	5	5	No
10	George West	Live Oak	2,524	Rural	4	2	5	No
10	Goliad	Goliad	1,975	Rural	4	4	5	No
10	Gonzales	Gonzales	7,202	Rural	5	5	5	No
10	Gregory	San Patricio	2,318	Rural	6	6	5	No
10	Hallettsville	Lavaca	2,345	Rural	5	5	4	No
10	Inez	Victoria	1,787	Rural	6	5	5	No

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10	Ingleside	San Patricio	9,388	Urb/Exurb.	6	7	6	No
10	Ingleside on the Bay	San Patricio	659	Urb/Exurb.	7	7	7	No
10	K-Bar Ranch	Jim Wells	350	Rural	7	7	5	No
10	Kingsville	Kleberg	25,575	Rural	7	7	5	No
10	La Paloma-Lost Creek	Nueces	323	Rural	6	7	5	No
10	La Ward	Jackson	200	Rural	6	6	6	No
10	Lake City	San Patricio	526	Rural	6	6	7	No
10	Acres	San Patricio	720	Rural	5	5	5	No
10	Lakeside (San Patricio)	San Patricio	333	Rural	5	5	6	No
10	Lolita	Jackson	548	Rural	4	4	4	No
10	Loma Linda East	Jim Wells	214	Rural	5	5	5	No
10	Mathis	San Patricio	5,034	Rural	7	7	6	No
10	Morgan Farm Area	San Patricio	484	Rural	7	7	5	No
10	Moulton	Lavaca	944	Rural	5	5	5	No
10	Nixon	Gonzales	2,186	Rural	6	6	6	No
10	Nordheim	DeWitt	323	Rural	5	5	6	No
10	Normanna	Bee	121	Rural	5	5	6	No
10	North San Pedro	Nueces	920	Rural	5	6	4	No
10	Odem	San Patricio	2,499	Rural	6	6	6	No
10	Orange Grove	Jim Wells	1,288	Rural	7	7	5	No
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	7	7	6	No
10	Pawnee	Bee	201	Rural	5	5	5	No
10	Pernitas Point	Live Oak	269	Rural	5	5	4	No
10	Petronila	Nueces	83	Rural	4	5	4	No
10	Pettus	Bee	608	Rural	6	6	4	No
10	Point Comfort	Calhoun	781	Rural	6	5	4	No
10	Port Aransas	Nueces	3,370	Urb/Exurb.	6	7	5	No
10	Port Lavaca	Calhoun	12,035	Rural	6	5	5	No
10	Portland	San Patricio	14,827	Urb/Exurb.	6	6	5	No
10	Premont	Jim Wells	2,772	Rural	7	7	7	No
10	Rancho Alegre	Jim Wells	1,775	Rural	7	7	6	No
10	Rancho Banquete	Nueces	469	Rural	4	5	6	No
10	Rancho Chico	San Patricio	309	Rural	7	7	5	No
10	Realitos	Duval	209	Rural	4	2	4	No
10	Refugio	Refugio	2,941	Rural	2	4	4	No
10	Robstown	Nueces	12,727	Rural	4	6	6	No
10	Rockport	Aransas	7,385	Rural	5	5	6	No
10	San Diego	Duval	4,753	Rural	5	4	6	No
10	San Patricio	San Patricio	318	Rural	7	7	6	No
10	Sandia	Jim Wells	431	Rural	5	5	6	No
10	Sandy Hollow-Escondidas	Nueces	433	Rural	5	6	4	No
10	Seadrift	Calhoun	1,352	Rural	7	6	4	No
10	Shiner	Lavaca	2,070	Rural	5	5	6	No
10	Sinton	San Patricio	5,676	Rural	7	7	6	No
10	Skidmore	Bee	1,013	Rural	7	7	5	No
10	Smiley	Gonzales	453	Rural	6	5	6	No
10	Spring Garden-Terra Verde	Nueces	693	Rural	4	5	6	No
10	St. Paul (San Patricio)	San Patricio	542	Rural	5	5	5	No
10	Taft	San Patricio	3,396	Rural	7	7	7	No
10	Taft Southwest	San Patricio	1,721	Rural	5	5	7	No
10	Three Rivers	Live Oak	1,878	Rural	4	4	5	No

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10	Tierra Grande	Nueces	362	Rural	5	6	5	No
10	Tradewinds	San Patricio	163	Rural	5	5	7	No
10	Tuleta	Bee	292	Rural	5	5	6	No
10	Tulsita	Bee	20	Rural	5	5	4	No
10	Tynan	Bee	301	Rural	6	6	4	No
10	Vanderbilt	Jackson	411	Rural	4	4	4	No
10	Victoria	Victoria	60,603	Urb/Exurb.	6	7	6	No
10	Waelder	Gonzales	947	Rural	5	5	5	No
10	Westdale	Jim Wells	295	Rural	5	5	7	No
10	Woodsboro	Refugio	1,685	Rural	5	4	2	No
10	Yoakum	Lavaca	5,731	Rural	6	6	4	No
10	Yorktown	DeWitt	2,271	Rural	5	5	4	No
11	Abram-Perezville	Hidalgo	5,444	Rural	7	7	6	Yes
11	Alto Bonito	Starr	569	Rural	5	5	4	No
11	Alton North	Hidalgo	5,051	Rural	7	6	5	Yes
11	Arroyo Alto	Cameron	320	Rural	5	5	7	No
11	Arroyo Colorado Estates	Cameron	755	Rural	7	7	5	No
11	Ranch	Cameron	732	Rural	5	5	5	No
11	Asherton	Dimmit	1,342	Rural	6	6	2	No
11	Batesville	Zavala	1,298	Rural	5	5	2	No
11	Bausell and Ellis	Willacy	112	Rural	2	4	4	No
11	Bayview	Cameron	323	Rural	7	7	7	No
11	Big Wells	Dimmit	704	Rural	6	6	2	No
11	Bixby	Cameron	356	Rural	5	5	7	No
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	6	6	5	No
11	Botines	Webb	132	Rural	5	5	2	No
11	Box Canyon-Amistad	Val Verde	76	Rural	5	5	6	No
11	Brackettville	Kinney	1,876	Rural	5	5	4	No
11	Brundage	Dimmit	31	Rural	4	4	1	No
11	Bruni	Webb	412	Rural	2	2	5	No
11	Cameron Park	Cameron	5,961	Urb/Exurb.	6	6	6	No
11	Camp Wood	Real	822	Rural	5	5	5	No
11	Carrizo Hill	Dimmit	548	Rural	6	6	5	No
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4	No
11	Catarina	Dimmit	135	Rural	4	4	4	No
11	Cesar Chavez	Hidalgo	1,469	Urb/Exurb.	7	6	7	Yes
11	Chula Vista-Orason	Cameron	394	Rural	7	7	6	No
11	Chula Vista-River Spur	Zavala	400	Rural	4	4	4	No
11	Cienegas Terrace	Val Verde	2,878	Rural	7	7	5	No
11	Citrus City	Hidalgo	941	Rural	5	5	7	Yes
11	Combes	Cameron	2,553	Urb/Exurb.	6	6	6	No
11	Cotulla	La Salle	3,614	Rural	2	4	4	No
11	Crystal City	Zavala	7,190	Rural	5	6	5	No
11	Cuevitas	Hidalgo	37	Rural	5	5	7	Yes
11	Del Mar Heights	Cameron	259	Rural	5	5	5	No
11	Del Rio	Val Verde	33,867	Rural	6	7	5	No
11	Doffing	Hidalgo	4,256	Rural	7	6	6	Yes
11	Doolittle	Hidalgo	2,358	Urb/Exurb.	6	6	5	Yes
11	Eagle Pass	Maverick	22,413	Rural	7	7	5	No
11	Edinburg	Hidalgo	48,465	Urb/Exurb.	6	7	6	Yes
11	Eidson Road	Maverick	9,348	Rural	6	6	5	No

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11	El Camino Angosto	Cameron	254	Urb/Exurb.	5	5	5	No
11	El Cenizo	Webb	3,545	Rural	4	4	2	No
11	El Indio	Maverick	263	Rural	7	7	4	No
11	El Refugio	Starr	221	Rural	7	7	6	No
11	Elm Creek	Maverick	1,928	Rural	5	5	6	No
11	Calaboz	Cameron	2,100	Rural	5	5	6	No
11	Encinal	La Salle	629	Rural	5	5	2	No
11	Escobares	Starr	1,954	Rural	7	7	6	No
11	Falcon Heights	Starr	335	Rural	5	5	5	No
11	Falcon Lake Estates	Zapata	830	Rural	4	4	2	No
11	Falcon Mesa	Zapata	506	Rural	2	2	4	No
11	Falcon Village	Starr	78	Rural	7	7	2	No
11	Faysville	Hidalgo	348	Urb/Exurb.	7	7	5	Yes
11	Fowlerton	La Salle	62	Rural	2	2	2	No
11	Fronton	Starr	599	Rural	5	5	5	No
11	Garceno	Starr	1,438	Rural	7	7	6	No
11	Grand Acres	Cameron	203	Rural	5	5	5	No
11	Green Valley Farms	Cameron	720	Rural	5	5	6	No
11	Guerra	Jim Hogg	8	Rural	2	2	2	No
11	Havana	Hidalgo	452	Rural	6	6	7	Yes
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	4	No
11	Heidelberg	Hidalgo	1,586	Rural	7	7	7	Yes
11	Indian Hills	Hidalgo	2,036	Rural	6	6	7	Yes
11	Indian Lake	Cameron	541	Rural	7	7	7	No
11	Knippa	Uvalde	739	Rural	6	6	4	No
11	La Blanca	Hidalgo	2,351	Rural	7	7	5	Yes
11	La Casita-Garciasville	Starr	2,177	Rural	6	7	5	No
11	La Feria	Cameron	6,115	Rural	7	7	6	No
11	La Feria North	Cameron	168	Rural	7	7	5	No
11	La Grulla	Starr	1,211	Rural	6	6	5	No
11	La Homa	Hidalgo	10,433	Urb/Exurb.	6	6	6	Yes
11	La Paloma	Cameron	354	Rural	7	7	5	No
11	La Presa	Webb	508	Rural	2	2	2	No
11	La Pryor	Zavala	1,491	Rural	6	5	4	No
11	La Puerta	Starr	1,636	Rural	5	5	6	No
11	La Rosita	Starr	1,729	Rural	6	6	6	No
11	La Victoria	Starr	1,683	Rural	5	5	4	No
11	Lago	Cameron	246	Rural	7	7	5	No
11	Laguna Heights	Cameron	1,990	Rural	6	6	6	No
11	Laguna Seca	Hidalgo	251	Rural	5	5	7	Yes
11	Laguna Vista	Cameron	1,658	Rural	5	6	6	No
11	Lake View	Val Verde	167	Rural	5	5	6	No
11	Laredo Ranchettes	Webb	1,845	Rural	2	2	2	No
11	Larga Vista	Webb	742	Urb/Exurb.	5	5	5	No
11	Las Colonias	Zavala	283	Rural	6	6	5	No
11	Las Lomas	Starr	2,684	Rural	7	7	5	No
11	Las Lomitas	Jim Hogg	267	Rural	2	2	5	No
11	Las Palmas-Juarez	Cameron	1,666	Rural	6	6	7	No
11	Las Quintas Fronterizas	Maverick	2,030	Rural	6	6	4	No
11	Lasana	Cameron	135	Urb/Exurb.	5	5	5	No
11	Lasara	Willacy	1,024	Rural	4	5	5	No

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11	Laughlin AFB	Val Verde	2,225	Rural	6	6	4	No
11	Laureles	Cameron	3,285	Rural	6	6	6	No
11	Leakey	Real	387	Rural	5	5	5	No
11	Llano Grande	Hidalgo	3,333	Urb/Exurb.	7	6	5	Yes
11	Lopeno	Zapata	140	Rural	2	2	5	No
11	Lopezville	Hidalgo	4,476	Urb/Exurb.	6	6	5	Yes
11	Los Alvarez	Starr	1,434	Rural	6	6	6	No
11	Los Angeles Subdivision	Willacy	86	Rural	5	6	4	No
11	Los Ebanos	Hidalgo	403	Rural	6	6	6	Yes
11	Los Fresnos	Cameron	4,512	Rural	6	5	7	No
11	Los Indios	Cameron	1,149	Rural	5	5	6	No
11	Los Villareales	Starr	930	Rural	5	5	5	No
11	Lozano	Cameron	324	Rural	5	5	5	No
11	Lyford	Willacy	1,973	Rural	4	5	6	No
11	Lyford South	Willacy	172	Rural	5	6	5	No
11	Medina	Zapata	2,960	Rural	4	4	4	No
11	Midway North	Hidalgo	3,946	Urb/Exurb.	5	5	7	Yes
11	Midway South	Hidalgo	1,711	Urb/Exurb.	6	6	7	Yes
11	Mila Doce	Hidalgo	4,907	Rural	6	6	6	Yes
11	Mirando City	Webb	493	Rural	5	5	5	No
11	Mission	Hidalgo	45,408	Urb/Exurb.	6	6	6	Yes
11	Monte Alto	Hidalgo	1,611	Rural	6	6	6	Yes
11	Morales-Sanchez	Zapata	95	Rural	2	2	2	No
11	Muniz	Hidalgo	1,106	Rural	7	7	6	Yes
11	New Falcon	Zapata	184	Rural	2	2	2	No
11	North Alamo	Hidalgo	2,061	Urb/Exurb.	6	6	6	Yes
11	North Escobares	Starr	1,692	Rural	7	7	5	No
11	Nurillo	Hidalgo	5,056	Urb/Exurb.	6	6	7	Yes
11	Oilton	Webb	310	Rural	2	2	5	No
11	Olivarez	Hidalgo	2,445	Rural	6	6	5	Yes
11	Olmito	Cameron	1,198	Urb/Exurb.	7	7	6	No
11	Palm Valley	Cameron	1,298	Urb/Exurb.	6	6	5	No
11	Palmview South	Hidalgo	6,219	Urb/Exurb.	6	6	6	Yes
11	Pharr	Hidalgo	46,660	Urb/Exurb.	6	6	6	Yes
11	Port Isabel	Cameron	4,865	Rural	6	6	7	No
11	Port Mansfield	Willacy	415	Rural	4	5	6	No
11	Primera	Cameron	2,723	Urb/Exurb.	6	6	7	No
11	Quemado	Maverick	243	Rural	5	5	4	No
11	Radar Base	Maverick	162	Rural	5	5	6	No
11	Ranchette Estates	Willacy	133	Rural	2	4	4	No
11	Ranchitos Las Lomas	Webb	334	Rural	2	2	4	No
11	Rancho Viejo	Cameron	1,754	Urb/Exurb.	6	6	5	No
11	Ranchos Penitas West	Webb	520	Urb/Exurb.	2	2	4	No
11	Rangerville	Cameron	203	Rural	5	5	7	No
11	Ratamosa	Cameron	218	Rural	5	5	5	No
11	Raymondville	Willacy	9,733	Rural	4	5	6	No
11	Reid Hope King	Cameron	802	Urb/Exurb.	7	7	5	No
11	Relampago	Hidalgo	104	Rural	5	5	7	Yes
11	Rio Bravo	Webb	5,553	Urb/Exurb.	4	4	4	No
11	Rio Grande City	Starr	11,923	Rural	6	6	5	No
11	Rio Hondo	Cameron	1,942	Rural	6	6	6	No

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11	Rocksprings	Edwards	1,285	Rural	4	4	5	No
11	Roma	Starr	9,617	Rural	7	7	5	No
11	Roma Creek	Starr	610	Rural	5	5	4	No
11	Rosita North	Maverick	3,400	Rural	6	6	6	No
11	Rosita South	Maverick	2,574	Rural	6	6	4	No
11	Sabinal	Uvalde	1,586	Rural	7	7	6	No
11	Salineno	Starr	304	Rural	5	5	5	No
11	San Benito	Cameron	23,444	Urb/Exurb.	7	6	6	No
11	San Carlos	Hidalgo	2,650	Rural	7	7	7	Yes
11	San Ignacio	Zapata	853	Rural	2	2	5	No
11	San Isidro	Starr	270	Rural	6	6	5	No
11	San Manuel-Linn	Hidalgo	958	Rural	5	5	5	Yes
11	San Pedro	Cameron	668	Rural	5	5	5	No
11	San Perlita	Willacy	680	Rural	5	6	6	No
11	Santa Cruz	Starr	630	Rural	7	7	6	No
11	Santa Maria	Cameron	846	Rural	6	6	5	No
11	Santa Monica	Willacy	78	Rural	2	4	6	No
11	Santa Rosa	Cameron	2,833	Rural	5	7	6	No
11	Scissors	Hidalgo	2,805	Rural	5	5	5	Yes
11	Sebastian	Willacy	1,864	Rural	2	4	6	No
11	Siesta Shores	Zapata	890	Rural	2	2	4	No
11	Solis	Cameron	545	Rural	7	7	5	No
11	South Alamo	Hidalgo	3,101	Rural	6	6	5	Yes
11	South Fork Estates	Jim Hogg	47	Rural	2	2	2	No
11	South Padre Island	Cameron	2,422	Rural	7	7	6	No
11	South Point	Cameron	1,118	Rural	7	7	5	No
11	Spofford	Kinney	75	Rural	2	2	2	No
11	Tierra Bonita	Cameron	160	Rural	5	5	6	No
11	Utopia	Uvalde	241	Rural	6	6	6	No
11	Uvalde	Uvalde	14,929	Rural	7	7	5	No
11	Uvalde Estates	Uvalde	1,972	Rural	7	7	5	No
11	Val Verde Park	Val Verde	1,945	Rural	6	6	5	No
11	Villa del Sol	Cameron	132	Rural	5	5	6	No
11	Villa Pancho	Cameron	386	Urb/Exurb.	7	7	7	No
11	Villa Verde	Hidalgo	891	Urb/Exurb.	5	5	7	Yes
11	West Sharyland	Hidalgo	2,947	Rural	6	6	5	Yes
11	Willamar	Willacy	15	Rural	2	4	4	No
11	Yznaga	Cameron	103	Rural	5	5	7	No
11	Zapata	Zapata	4,856	Rural	5	5	4	No
11	Zapata Ranch	Willacy	88	Rural	2	4	5	No
12	Ackerly	Dawson	245	Rural	6	6	6	No
12	Andrews	Andrews	9,652	Rural	5	5	5	No
12	Balmorhea	Reeves	527	Rural	4	4	5	No
12	Barstow	Ward	406	Rural	7	6	6	No
12	Big Lake	Reagan	2,885	Rural	4	4	2	No
12	Big Spring	Howard	25,233	Rural	7	7	6	No
12	Brady	McCulloch	5,523	Rural	5	7	5	No
12	Bronte	Coke	1,076	Rural	5	5	4	No
12	Christoval	Tom Green	422	Rural	5	5	6	No
12	Coahoma	Howard	932	Rural	6	6	5	No
12	Coyanosa	Pecos	138	Rural	2	4	4	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
12	Crane	Crane	3,191	Rural	5	5	2	No
12	Eden	Concho	2,561	Rural	5	5	4	No
12	Eldorado	Schleicher	1,951	Rural	2	2	5	No
12	Forsan	Howard	226	Rural	6	6	7	No
12	Fort Stockton	Pecos	7,846	Rural	2	5	6	No
12	Gardendale	Ector	1,197	Rural	5	4	5	No
12	Goldsmith	Ector	253	Rural	6	4	5	No
12	Grandfalls	Ward	391	Rural	6	5	6	No
12	Grape Creek	Tom Green	3,138	Rural	4	4	5	No
12	Imperial	Pecos	428	Rural	2	4	4	No
12	Iraan	Pecos	1,238	Rural	2	4	4	No
12	Junction	Kimble	2,618	Rural	4	4	5	No
12	Kermit	Winkler	5,714	Rural	4	4	4	No
12	Lamesa	Dawson	9,952	Rural	7	7	5	No
12	Lindsay (Reeves)	Reeves	394	Rural	4	4	7	No
12	Los Ybanez	Dawson	32	Rural	5	5	4	No
12	Mason	Mason	2,134	Rural	5	5	4	No
12	McCamey	Upton	1,805	Rural	4	4	4	No
12	Melvin	McCulloch	155	Rural	6	7	6	No
12	Menard	Menard	1,653	Rural	4	4	5	No
12	Mertzon	Irion	839	Rural	2	2	4	No
12	Midland	Midland	94,996	Urb/Exurb.	7	7	5	No
12	Monahans	Ward	6,821	Rural	7	6	4	No
12	Ozona	Crockett	3,436	Rural	2	4	2	No
12	Paint Rock	Concho	320	Rural	5	5	4	No
12	Pecos	Reeves	9,501	Rural	5	5	6	No
12	Pyote	Ward	131	Rural	5	4	6	No
12	Rankin	Upton	800	Rural	2	2	5	No
12	Robert Lee	Coke	1,171	Rural	5	5	5	No
12	Sanderson	Terrell	861	Rural	5	5	4	No
12	Seagraves	Gaines	2,334	Rural	6	6	4	No
12	Seminole	Gaines	5,910	Rural	4	4	5	No
12	Sonora	Sutton	2,924	Rural	2	2	4	No
12	Stanton	Martin	2,556	Rural	4	4	2	No
12	Sterling City	Sterling	1,081	Rural	4	4	4	No
12	Thorntonville	Ward	442	Rural	5	4	5	No
12	Toyah	Reeves	100	Rural	4	4	5	No
12	West Odessa	Ector	17,799	Urb/Exurb.	6	5	6	No
12	Wickett	Ward	455	Rural	7	6	4	No
12	Wink	Winkler	919	Rural	4	4	4	No
13	Agua Dulce (El Paso)	El Paso	738	Rural	5	5	7	No
13	Alpine	Brewster	5,786	Rural	7	7	4	No
13	Anthony	El Paso	3,850	Urb/Exurb.	5	7	5	No
13	Butterfield	El Paso	61	Rural	5	5	5	No
13	Canutillo	El Paso	5,129	Urb/Exurb.	6	6	5	No
13	Clint	El Paso	980	Rural	5	7	5	No
13	Dell City	Hudspeth	413	Rural	6	5	5	No
13	Fabens	El Paso	8,043	Rural	7	7	5	No
13	Fort Bliss	El Paso	8,264	Urb/Exurb.	5	5	5	No
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	5	No
13	Fort Hancock	Hudspeth	1,713	Rural	6	5	4	No

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation	Place is Located in a PJ County
13	Homestead Meadows North	El Paso	4,232	Rural	6	6	7	No
13	Homestead Meadows South	El Paso	6,807	Rural	7	7	7	No
13	Horizon City	El Paso	5,233	Rural	5	5	6	No
13	Marathon	Brewster	455	Rural	6	5	5	No
13	Marfa	Presidio	2,121	Rural	5	6	5	No
13	Morning Glory	El Paso	627	Rural	5	5	5	No
13	Prado Verde	El Paso	200	Urb/Exurb.	5	5	7	No
13	Presidio	Presidio	4,167	Rural	5	6	5	No
13	Redford	Presidio	132	Rural	4	5	6	No
13	San Elizario	El Paso	11,046	Urb/Exurb.	6	6	6	No
13	Sierra Blanca	Hudspeth	533	Rural	5	4	5	No
13	Socorro	El Paso	27,152	Urb/Exurb.	6	6	7	No
13	Sparks	El Paso	2,974	Rural	7	6	6	No
13	Study Butte-Terlingua	Brewster	267	Rural	6	5	4	No
13	Tornillo	El Paso	1,609	Rural	7	7	5	No
13	Valentine	Jeff Davis	187	Rural	4	4	2	No
13	Van Horn	Culberson	2,435	Rural	6	6	4	No
13	Vinton	El Paso	1,892	Rural	7	7	7	No
13	Westway	El Paso	3,829	Urb/Exurb.	7	7	6	No

Final 2006 HOME Affordable Housing Need Scores (AHNS) County Level

Prepared by the Division of Policy and Public Affairs - 10/28/2005

(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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Final 2006 Housing Tax Credit and Housing Trust Fund Affordable Housing Need Scores (AHNS)

Prepared by the Division of Policy and Public Affairs - 10/28/2005
(Sorted by Region then Place.)

Use this table to determine an application's AHNS:
(1) Locate the row that corresponds to the place where the funds will be used.
(2) Development sites located outside the boundaries of a place (as designated by the U.S. Census) will utilize the score of the place whose boundary is closest to the development site.

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
1	Abernathy	Rural	2,839	2.33	2.33	5
1	Adrian	Rural	159	1.17	3.5	5
1	Amarillo	Urb/Exurb.	173,627	3.5	3.5	7
1	Amherst	Rural	791	2.33	2.33	5
1	Anton	Rural	1,200	2.33	1.17	4
1	Bishop Hills	Rural	210	3.5	1.17	5
1	Booker	Rural	1,315	1.17	2.33	4
1	Borger	Rural	14,302	2.33	2.33	5
1	Bovina	Rural	1,874	2.33	1.17	4
1	Brownfield	Rural	9,488	2.33	3.5	6
1	Buffalo Springs	Rural	493	3.5	2.33	6
1	Cactus	Rural	2,538	2.33	1.17	4
1	Canadian	Rural	2,233	1.17	2.33	4
1	Canyon	Rural	12,875	2.33	3.5	6
1	Channing	Rural	356	1.17	3.5	5
1	Childress	Rural	6,778	1.17	2.33	4
1	Clarendon	Rural	1,974	1.17	3.5	5
1	Claude	Rural	1,313	1.17	3.5	5
1	Crosbyton	Rural	1,874	1.17	2.33	4
1	Dalhart	Rural	7,237	2.33	3.5	6
1	Darrouzett	Rural	303	1.17	3.5	5
1	Denver City	Rural	3,985	1.17	2.33	4
1	Dickens	Rural	332	1.17	3.5	5
1	Dimmitt	Rural	4,375	1.17	2.33	4
1	Dodson	Rural	115	1.17	3.5	5
1	Dumas	Rural	13,747	2.33	2.33	5
1	Earth	Rural	1,109	2.33	2.33	5
1	Edmonson	Rural	123	2.33	1.17	4
1	Estelline	Rural	168	1.17	3.5	5
1	Farwell	Rural	1,364	2.33	3.5	6
1	Floydada	Rural	3,676	1.17	3.5	5
1	Follett	Rural	412	1.17	1.17	2
1	Friona	Rural	3,854	2.33	3.5	6
1	Fritch	Rural	2,235	2.33	2.33	5
1	Groom	Rural	587	1.17	3.5	5
1	Gruver	Rural	1,162	1.17	3.5	5
1	Hale Center	Rural	2,263	2.33	2.33	5
1	Happy	Rural	647	2.33	2.33	5
1	Hart	Rural	1,198	1.17	2.33	4
1	Hartley	Rural	441	1.17	2.33	4
1	Hedley	Rural	379	1.17	3.5	5
1	Hereford	Rural	14,597	2.33	1.17	4
1	Higgins	Rural	425	1.17	1.17	2

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
1	Howardwick	Rural	437	1.17	3.5	5
1	Idalou	Rural	2,157	3.5	1.17	5
1	Kress	Rural	826	2.33	2.33	5
1	Lake Tanglewood	Rural	825	2.33	3.5	6
1	Lakeview	Rural	152	1.17	3.5	5
1	Lefors	Rural	559	2.33	1.17	4
1	Levelland	Rural	12,866	2.33	3.5	6
1	Lipscomb	Rural	44	1.17	1.17	2
1	Littlefield	Rural	6,507	2.33	3.5	6
1	Lockney	Rural	2,056	1.17	1.17	2
1	Lorenzo	Rural	1,372	1.17	2.33	4
1	Lubbock	Urb/Exurb.	199,564	3.5	3.5	7
1	Matador	Rural	740	1.17	2.33	4
1	McLean	Rural	830	2.33	3.5	6
1	Meadow	Rural	658	2.33	1.17	4
1	Memphis	Rural	2,479	1.17	2.33	4
1	Miami	Rural	588	1.17	3.5	5
1	Mobeetie	Rural	107	1.17	1.17	2
1	Morse	Rural	172	1.17	2.33	4
1	Morton	Rural	2,249	1.17	1.17	2
1	Muleshoe	Rural	4,530	1.17	1.17	2
1	Nazareth	Rural	356	1.17	2.33	4
1	New Deal	Rural	708	3.5	3.5	7
1	New Home	Rural	320	1.17	2.33	4
1	O'Donnell	Rural	1,011	1.17	1.17	2
1	Olton	Rural	2,288	2.33	1.17	4
1	Opdyke West	Rural	188	2.33	2.33	5
1	Palisades	Rural	352	2.33	3.5	6
1	Pampa	Rural	17,887	2.33	3.5	6
1	Panhandle	Rural	2,589	1.17	2.33	4
1	Perryton	Rural	7,774	1.17	1.17	2
1	Petersburg	Rural	1,262	2.33	1.17	4
1	Plains	Rural	1,450	1.17	2.33	4
1	Plainview	Rural	22,336	2.33	2.33	5
1	Post	Rural	3,708	1.17	3.5	5
1	Quail	Rural	33	1.17	1.17	2
1	Quitaque	Rural	432	1.17	3.5	5
1	Ralls	Rural	2,252	1.17	2.33	4
1	Ransom Canyon	Rural	1,011	3.5	2.33	6
1	Reese Center	Urb/Exurb.	42	3.5	1.17	5
1	Roaring Springs	Rural	265	1.17	1.17	2
1	Ropesville	Rural	517	2.33	1.17	4
1	Samnorwood	Rural	39	1.17	1.17	2
1	Sanford	Rural	203	2.33	3.5	6
1	Seth Ward	Rural	1,926	2.33	3.5	6
1	Shallowater	Rural	2,086	3.5	3.5	7
1	Shamrock	Rural	2,029	1.17	3.5	5
1	Silverton	Rural	771	1.17	3.5	5
1	Skellytown	Rural	610	1.17	1.17	2
1	Slaton	Rural	6,109	3.5	2.33	6
1	Smyer	Rural	480	2.33	2.33	5
1	Spade	Rural	100	2.33	3.5	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
1	Spearman	Rural	3,021	1.17	1.17	2
1	Springlake	Rural	135	2.33	3.5	6
1	Spur	Rural	1,088	1.17	1.17	2
1	Stinnett	Rural	1,936	2.33	2.33	5
1	Stratford	Rural	1,991	1.17	1.17	2
1	Sudan	Rural	1,039	2.33	2.33	5
1	Sundown	Rural	1,505	2.33	2.33	5
1	Sunray	Rural	1,950	2.33	2.33	5
1	Tahoka	Rural	2,910	1.17	1.17	2
1	Texhoma	Rural	371	1.17	3.5	5
1	Texline	Rural	511	2.33	2.33	5
1	Timbercreek Canyon	Rural	406	2.33	1.17	4
1	Tulia	Rural	5,117	2.33	2.33	5
1	Turkey	Rural	494	1.17	1.17	2
1	Vega	Rural	936	1.17	3.5	5
1	Wellington	Rural	2,275	1.17	2.33	4
1	Wellman	Rural	203	2.33	2.33	5
1	Wheeler	Rural	1,378	1.17	2.33	4
1	White Deer	Rural	1,060	1.17	3.5	5
1	Whiteface	Rural	465	1.17	1.17	2
1	Wilson	Rural	532	1.17	1.17	2
1	Wolfforth	Rural	2,554	3.5	3.5	7
2	Abilene	Urb/Exurb.	115,930	3.5	3.5	7
2	Albany	Rural	1,921	1.17	3.5	5
2	Anson	Rural	2,556	2.33	1.17	4
2	Archer City	Rural	1,848	1.17	1.17	2
2	Aspermont	Rural	1,021	1.17	1.17	2
2	Baird	Rural	1,623	2.33	1.17	4
2	Ballinger	Rural	4,243	2.33	3.5	6
2	Bangs	Rural	1,620	2.33	2.33	5
2	Bellevue	Rural	386	2.33	2.33	5
2	Benjamin	Rural	264	1.17	1.17	2
2	Blackwell	Rural	360	2.33	2.33	5
2	Blanket	Rural	402	2.33	3.5	6
2	Bowie	Rural	5,219	2.33	3.5	6
2	Breckenridge	Rural	5,868	2.33	2.33	5
2	Brownwood	Rural	18,813	2.33	2.33	5
2	Bryson	Rural	528	2.33	3.5	6
2	Buffalo Gap	Rural	463	3.5	2.33	6
2	Burkburnett	Rural	10,927	3.5	2.33	6
2	Byers	Rural	517	2.33	3.5	6
2	Carbon	Rural	224	2.33	1.17	4
2	Chillicothe	Rural	798	2.33	3.5	6
2	Cisco	Rural	3,851	2.33	3.5	6
2	Clyde	Rural	3,345	2.33	2.33	5
2	Coleman	Rural	5,127	2.33	3.5	6
2	Colorado City	Rural	4,281	2.33	3.5	6
2	Comanche	Rural	4,482	2.33	3.5	6
2	Cross Plains	Rural	1,068	2.33	3.5	6
2	Crowell	Rural	1,141	1.17	2.33	4
2	De Leon	Rural	2,433	2.33	2.33	5
2	Dean	Rural	341	2.33	3.5	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
2	Early	Rural	2,588	2.33	2.33	5
2	Eastland	Rural	3,769	2.33	1.17	4
2	Elbert	Rural	56	1.17	3.5	5
2	Electra	Rural	3,168	3.5	3.5	7
2	Girard	Rural	62	1.17	1.17	2
2	Goree	Rural	321	1.17	1.17	2
2	Gorman	Rural	1,236	2.33	1.17	4
2	Graham	Rural	8,716	2.33	2.33	5
2	Gustine	Rural	457	2.33	3.5	6
2	Hamlin	Rural	2,248	2.33	2.33	5
2	Haskell	Rural	3,106	2.33	2.33	5
2	Hawley	Rural	646	2.33	3.5	6
2	Henrietta	Rural	3,264	2.33	2.33	5
2	Hermleigh	Rural	393	2.33	3.5	6
2	Holliday	Rural	1,632	1.17	1.17	2
2	Impact	Urb/Exurb.	39	3.5	1.17	5
2	Iowa Park	Rural	6,431	3.5	2.33	6
2	Jacksboro	Rural	4,533	2.33	2.33	5
2	Jayton	Rural	513	1.17	1.17	2
2	Jolly	Rural	188	2.33	3.5	6
2	Knox City	Rural	1,219	1.17	2.33	4
2	Lake Brownwood	Rural	1,694	2.33	3.5	6
2	Lakeside City	Urb/Exurb.	984	1.17	2.33	4
2	Lawn	Rural	353	3.5	1.17	5
2	Loraine	Rural	656	2.33	2.33	5
2	Lueders	Rural	300	2.33	2.33	5
2	Megargel	Rural	248	1.17	1.17	2
2	Merkel	Rural	2,637	3.5	3.5	7
2	Miles	Rural	850	2.33	2.33	5
2	Moran	Rural	233	1.17	2.33	4
2	Munday	Rural	1,527	1.17	1.17	2
2	Newcastle	Rural	575	2.33	3.5	6
2	Nocona	Rural	3,198	2.33	1.17	4
2	Novice	Rural	142	2.33	1.17	4
2	O'Brien	Rural	132	2.33	1.17	4
2	Olney	Rural	3,396	2.33	2.33	5
2	Paducah	Rural	1,498	1.17	1.17	2
2	Petrolia	Rural	782	2.33	3.5	6
2	Pleasant Valley	Urb/Exurb.	408	3.5	3.5	7
2	Potosi	Urb/Exurb.	1,664	3.5	3.5	7
2	Putnam	Rural	88	2.33	3.5	6
2	Quanah	Rural	3,022	2.33	3.5	6
2	Ranger	Rural	2,584	2.33	1.17	4
2	Rising Star	Rural	835	2.33	2.33	5
2	Roby	Rural	673	1.17	2.33	4
2	Rochester	Rural	378	2.33	2.33	5
2	Roscoe	Rural	1,378	2.33	1.17	4
2	Rotan	Rural	1,611	1.17	2.33	4
2	Rule	Rural	698	2.33	2.33	5
2	Santa Anna	Rural	1,081	2.33	1.17	4
2	Scotland	Rural	438	1.17	1.17	2
2	Seymour	Rural	2,908	2.33	2.33	5

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2	Snyder	Rural	10,783	2.33	1.17	4
2	St. Jo	Rural	977	2.33	1.17	4
2	Stamford	Rural	3,636	2.33	2.33	5
2	Sunset	Rural	339	2.33	1.17	4
2	Sweetwater	Rural	11,415	2.33	3.5	6
2	Throckmorton	Rural	905	1.17	1.17	2
2	Trent	Rural	318	3.5	3.5	7
2	Tuscola	Rural	714	3.5	1.17	5
2	Tye	Urb/Exurb.	1,158	3.5	3.5	7
2	Vernon	Rural	11,660	2.33	1.17	4
2	Weinert	Rural	177	2.33	3.5	6
2	Westbrook	Rural	203	2.33	3.5	6
2	Wichita Falls	Urb/Exurb.	104,197	3.5	2.33	6
2	Windthorst	Rural	440	1.17	1.17	2
2	Winters	Rural	2,880	2.33	1.17	4
2	Woodson	Rural	296	1.17	2.33	4
3	Addison	Urb/Exurb.	14,166	3.5	2.33	6
3	Aledo	Rural	1,726	1.17	2.33	4
3	Allen	Urb/Exurb.	43,554	2.33	2.33	5
3	Alma	Rural	302	2.33	3.5	6
3	Alvarado	Rural	3,288	2.33	1.17	4
3	Alvord	Rural	1,007	1.17	3.5	5
3	Angus	Rural	334	2.33	2.33	5
3	Anna	Rural	1,225	2.33	3.5	6
3	Annetta	Rural	1,108	1.17	3.5	5
3	Annetta North	Rural	467	1.17	3.5	5
3	Annetta South	Rural	555	1.17	3.5	5
3	Argyle	Urb/Exurb.	2,365	2.33	2.33	5
3	Arlington	Urb/Exurb.	332,969	3.5	2.33	6
3	Aubrey	Rural	1,500	2.33	3.5	6
3	Aurora	Rural	853	1.17	3.5	5
3	Azle	Urb/Exurb.	9,600	3.5	1.17	5
3	Bailey	Rural	213	1.17	3.5	5
3	Balch Springs	Urb/Exurb.	19,375	3.5	1.17	5
3	Bardwell	Rural	583	2.33	1.17	4
3	Barry	Rural	209	2.33	3.5	6
3	Bartonville	Rural	1,093	2.33	1.17	4
3	Bedford	Urb/Exurb.	47,152	3.5	3.5	7
3	Bells	Rural	1,190	2.33	3.5	6
3	Benbrook	Urb/Exurb.	20,208	3.5	2.33	6
3	Blooming Grove	Rural	833	2.33	2.33	5
3	Blue Mound	Urb/Exurb.	2,388	3.5	2.33	6
3	Blue Ridge	Rural	672	2.33	3.5	6
3	Bonham	Rural	9,990	1.17	3.5	5
3	Boyd	Rural	1,099	1.17	2.33	4
3	Briar	Rural	5,350	3.5	1.17	5
3	Briaroaks	Rural	493	2.33	1.17	4
3	Bridgeport	Rural	4,309	1.17	2.33	4
3	Burleson	Urb/Exurb.	20,976	2.33	2.33	5
3	Caddo Mills	Rural	1,149	2.33	3.5	6
3	Callisburg	Rural	365	1.17	2.33	4
3	Campbell	Rural	734	2.33	2.33	5

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3	Carrollton	Urb/Exurb.	109,576	2.33	2.33	5
3	Cedar Hill	Urb/Exurb.	32,093	3.5	2.33	6
3	Celeste	Rural	817	2.33	1.17	4
3	Celina	Rural (USDA)	1,861	2.33	1.17	4
3	Chico	Rural	947	1.17	3.5	5
3	Cleburne	Urb/Exurb.	26,005	2.33	1.17	4
3	Cockrell Hill	Urb/Exurb.	4,443	3.5	1.17	5
3	Colleyville	Urb/Exurb.	19,636	3.5	1.17	5
3	Collinsville	Rural	1,235	2.33	1.17	4
3	Combine	Rural	1,788	2.33	2.33	5
3	Commerce	Rural	7,669	2.33	3.5	6
3	Cool	Rural	162	1.17	3.5	5
3	Coppell	Urb/Exurb.	35,958	3.5	1.17	5
3	Copper Canyon	Urb/Exurb.	1,216	2.33	3.5	6
3	Corinth	Urb/Exurb.	11,325	2.33	1.17	4
3	Corral City	Rural	89	2.33	1.17	4
3	Corsicana	Rural	24,485	2.33	2.33	5
3	Cottonwood	Rural	181	2.33	1.17	4
3	Crandall	Rural	2,774	2.33	2.33	5
3	Cross Roads	Rural	603	2.33	1.17	4
3	Cross Timber	Rural	277	2.33	3.5	6
3	Crowley	Urb/Exurb.	7,467	3.5	3.5	7
3	Dallas	Urb/Exurb.	1,188,580	3.5	2.33	6
3	Dalworthington Gardens	Urb/Exurb.	2,186	3.5	1.17	5
3	Dawson	Rural	852	2.33	1.17	4
3	Decatur	Rural	5,201	1.17	2.33	4
3	Denison	Urb/Exurb.	22,773	2.33	2.33	5
3	Denton	Urb/Exurb.	80,537	2.33	3.5	6
3	DeSoto	Urb/Exurb.	37,646	3.5	1.17	5
3	Dodd City	Rural	419	1.17	3.5	5
3	Dorchester	Urb/Exurb.	109	2.33	1.17	4
3	Double Oak	Urb/Exurb.	2,179	2.33	3.5	6
3	Dublin	Rural	3,754	2.33	2.33	5
3	Duncanville	Urb/Exurb.	36,081	3.5	3.5	7
3	Eagle Mountain	Urb/Exurb.	6,599	3.5	2.33	6
3	Ector	Rural	600	1.17	3.5	5
3	Edgecliff Village	Urb/Exurb.	2,550	3.5	3.5	7
3	Emhouse	Rural	159	2.33	1.17	4
3	Ennis	Rural	16,045	2.33	1.17	4
3	Euless	Urb/Exurb.	46,005	3.5	1.17	5
3	Eureka	Rural	340	2.33	1.17	4
3	Everman	Urb/Exurb.	5,836	3.5	3.5	7
3	Fairview	Urb/Exurb.	2,644	2.33	3.5	6
3	Farmers Branch	Urb/Exurb.	27,508	3.5	1.17	5
3	Farmersville	Rural	3,118	2.33	1.17	4
3	Fate	Rural	497	1.17	3.5	5
3	Ferris	Rural	2,175	2.33	2.33	5
3	Flower Mound	Urb/Exurb.	50,702	2.33	2.33	5
3	Forest Hill	Urb/Exurb.	12,949	3.5	1.17	5
3	Forney	Rural	5,588	2.33	2.33	5
3	Fort Worth	Urb/Exurb.	534,694	3.5	2.33	6
3	Frisco	Urb/Exurb.	33,714	2.33	3.5	6

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3	Frost	Rural	648	2.33	3.5	6
3	Gainesville	Rural	15,538	1.17	2.33	4
3	Garland	Urb/Exurb.	215,768	3.5	2.33	6
3	Garrett	Rural	448	2.33	3.5	6
3	Glen Rose	Rural	2,122	1.17	2.33	4
3	Glenn Heights	Urb/Exurb.	7,224	3.5	3.5	7
3	Godley	Rural	879	2.33	3.5	6
3	Goodlow	Rural	264	2.33	1.17	4
3	Gordon	Rural	451	1.17	3.5	5
3	Graford	Rural	578	1.17	2.33	4
3	Granbury	Rural	5,718	1.17	3.5	5
3	Grand Prairie	Urb/Exurb.	127,427	3.5	2.33	6
3	Grandview	Rural	1,358	2.33	2.33	5
3	Grapevine	Urb/Exurb.	42,059	3.5	2.33	6
3	Grays Prairie	Rural	296	2.33	3.5	6
3	Greenville	Urb/Exurb.	23,960	2.33	2.33	5
3	Gunter	Rural	1,230	2.33	2.33	5
3	Hackberry	Rural (USDA)	544	2.33	3.5	6
3	Haltom City	Urb/Exurb.	39,018	3.5	2.33	6
3	Haslet	Urb/Exurb.	1,134	3.5	2.33	6
3	Hawk Cove	Rural	457	2.33	1.17	4
3	Heath	Urb/Exurb.	4,149	1.17	1.17	2
3	Hebron	Urb/Exurb.	874	2.33	1.17	4
3	Hickory Creek	Urb/Exurb.	2,078	2.33	1.17	4
3	Highland Park	Urb/Exurb.	8,842	3.5	1.17	5
3	Highland Village	Urb/Exurb.	12,173	2.33	3.5	6
3	Honey Grove	Rural	1,746	1.17	1.17	2
3	Howe	Rural (USDA)	2,478	2.33	2.33	5
3	Hudson Oaks	Rural	1,637	1.17	3.5	5
3	Hurst	Urb/Exurb.	36,273	3.5	3.5	7
3	Hutchins	Rural (USDA)	2,805	3.5	2.33	6
3	Irving	Urb/Exurb.	191,615	3.5	2.33	6
3	Italy	Rural	1,993	2.33	1.17	4
3	Josephine	Rural	594	2.33	3.5	6
3	Joshua	Rural (USDA)	4,528	2.33	2.33	5
3	Justin	Rural	1,891	2.33	2.33	5
3	Kaufman	Rural	6,490	2.33	1.17	4
3	Keene	Rural	5,003	2.33	3.5	6
3	Keller	Urb/Exurb.	27,345	3.5	1.17	5
3	Kemp	Rural	1,133	2.33	3.5	6
3	Kennedale	Urb/Exurb.	5,850	3.5	2.33	6
3	Kerens	Rural	1,681	2.33	2.33	5
3	Knollwood	Urb/Exurb.	375	2.33	3.5	6
3	Krugerville	Rural	903	2.33	3.5	6
3	Krum	Rural	1,979	2.33	1.17	4
3	Ladonia	Rural	667	1.17	1.17	2
3	Lake Bridgeport	Rural	372	1.17	1.17	2
3	Lake Dallas	Rural	6,166	2.33	2.33	5
3	Lake Kiowa	Rural	1,883	1.17	1.17	2
3	Lake Worth	Urb/Exurb.	4,618	3.5	2.33	6
3	Lakeside (Tarrant)	Urb/Exurb.	1,040	3.5	3.5	7
3	Lakewood Village	Rural	342	2.33	3.5	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
3	Lancaster	Urb/Exurb.	25,894	3.5	1.17	5
3	Lavon	Rural	387	2.33	1.17	4
3	Leonard	Rural	1,846	1.17	3.5	5
3	Lewisville	Urb/Exurb.	77,737	2.33	2.33	5
3	Lincoln Park	Rural	517	2.33	1.17	4
3	Lindsay (Cooke)	Rural	788	1.17	2.33	4
3	Lipan	Rural	425	1.17	1.17	2
3	Little Elm	Rural (USDA)	3,646	2.33	1.17	4
3	Lone Oak	Rural	521	2.33	1.17	4
3	Lowry Crossing	Urb/Exurb.	1,229	2.33	3.5	6
3	Lucas	Urb/Exurb.	2,890	2.33	3.5	6
3	Mabank	Rural	2,151	2.33	3.5	6
3	Mansfield	Urb/Exurb.	28,031	3.5	1.17	5
3	Marshall Creek	Rural	431	2.33	3.5	6
3	Maypearl	Rural	746	2.33	2.33	5
3	McKinney	Urb/Exurb.	54,369	2.33	2.33	5
3	McLendon-Chisholm	Rural	914	1.17	3.5	5
3	Melissa	Urb/Exurb.	1,350	2.33	3.5	6
3	Mesquite	Urb/Exurb.	124,523	3.5	2.33	6
3	Midlothian	Rural (USDA)	7,480	2.33	2.33	5
3	Mildred	Rural	405	2.33	3.5	6
3	Milford	Rural	685	2.33	1.17	4
3	Millsap	Rural	353	1.17	1.17	2
3	Mineral Wells	Rural	16,946	1.17	2.33	4
3	Mingus	Rural	246	1.17	3.5	5
3	Mobile City	Rural	196	1.17	1.17	2
3	Muenster	Rural	1,556	1.17	3.5	5
3	Murphy	Urb/Exurb.	3,099	2.33	3.5	6
3	Mustang	Rural	47	2.33	1.17	4
3	Navarro	Rural	191	2.33	1.17	4
3	Nevada	Rural	563	2.33	1.17	4
3	New Fairview	Rural	877	1.17	2.33	4
3	New Hope	Rural	662	2.33	1.17	4
3	Newark	Rural	887	1.17	3.5	5
3	Neylandville	Rural	56	2.33	1.17	4
3	North Richland Hills	Urb/Exurb.	55,635	3.5	2.33	6
3	Northlake	Urb/Exurb.	921	2.33	2.33	5
3	Oak Grove	Rural	710	2.33	3.5	6
3	Oak Leaf	Rural	1,209	2.33	3.5	6
3	Oak Point	Rural	1,747	2.33	3.5	6
3	Oak Ridge (Cooke)	Rural	224	1.17	3.5	5
3	Oak Ridge (Kaufman)	Rural	400	2.33	3.5	6
3	Oak Trail Shores	Rural	2,475	1.17	1.17	2
3	Oak Valley	Rural	401	2.33	2.33	5
3	Ovilla	Urb/Exurb.	3,405	2.33	3.5	6
3	Palmer	Rural	1,774	2.33	1.17	4
3	Pantego	Urb/Exurb.	2,318	3.5	1.17	5
3	Paradise	Rural	459	1.17	3.5	5
3	Parker	Urb/Exurb.	1,379	2.33	1.17	4
3	Pecan Acres	Rural	2,289	1.17	3.5	5
3	Pecan Hill	Rural	672	2.33	2.33	5
3	Pecan Plantation	Rural	3,544	1.17	2.33	4

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
3	Pelican Bay	Rural	1,505	3.5	3.5	7
3	Pilot Point	Rural	3,538	2.33	1.17	4
3	Plano	Urb/Exurb.	222,030	2.33	2.33	5
3	Ponder	Rural	507	2.33	2.33	5
3	Post Oak Bend City	Rural	404	2.33	1.17	4
3	Pottsboro	Rural	1,579	2.33	2.33	5
3	Powell	Rural	105	2.33	1.17	4
3	Princeton	Rural (USDA)	3,477	2.33	2.33	5
3	Prosper	Urb/Exurb.	2,097	2.33	2.33	5
3	Quinlan	Rural	1,370	2.33	3.5	6
3	Ravenna	Rural	215	1.17	1.17	2
3	Red Oak	Urb/Exurb.	4,301	2.33	3.5	6
3	Rendon	Urb/Exurb.	9,022	3.5	1.17	5
3	Reno (Parker)	Rural	2,441	1.17	3.5	5
3	Retreat	Rural	339	2.33	2.33	5
3	Rhome	Rural	551	1.17	3.5	5
3	Rice	Rural	798	2.33	2.33	5
3	Richardson	Urb/Exurb.	91,802	3.5	2.33	6
3	Richland	Rural	291	2.33	3.5	6
3	Richland Hills	Urb/Exurb.	8,132	3.5	2.33	6
3	Rio Vista	Rural	656	2.33	1.17	4
3	River Oaks	Urb/Exurb.	6,985	3.5	3.5	7
3	Roanoke	Urb/Exurb.	2,810	2.33	2.33	5
3	Rockwall	Urb/Exurb.	17,976	1.17	2.33	4
3	Rosser	Rural	379	2.33	3.5	6
3	Rowlett	Urb/Exurb.	44,503	3.5	2.33	6
3	Royse City	Rural	2,957	1.17	2.33	4
3	Runaway Bay	Rural	1,104	1.17	3.5	5
3	Sachse	Urb/Exurb.	9,751	3.5	1.17	5
3	Sadler	Rural	404	2.33	3.5	6
3	Saginaw	Urb/Exurb.	12,374	3.5	2.33	6
3	Sanctuary	Rural	256	1.17	3.5	5
3	Sanger	Rural	4,534	2.33	1.17	4
3	Sansom Park	Urb/Exurb.	4,181	3.5	3.5	7
3	Savoy	Rural	850	1.17	3.5	5
3	Seagoville	Urb/Exurb.	10,823	3.5	1.17	5
3	Shady Shores	Urb/Exurb.	1,461	2.33	1.17	4
3	Sherman	Urb/Exurb.	35,082	2.33	3.5	6
3	Southlake	Urb/Exurb.	21,519	3.5	2.33	6
3	Southmayd	Rural	992	2.33	2.33	5
3	Springtown	Rural	2,062	1.17	1.17	2
3	St. Paul (Collin)	Rural	630	2.33	1.17	4
3	Stephenville	Rural	14,921	2.33	3.5	6
3	Strawn	Rural	739	1.17	2.33	4
3	Sunnyvale	Urb/Exurb.	2,693	3.5	1.17	5
3	Talty	Rural	1,028	2.33	1.17	4
3	Terrell	Rural	13,606	2.33	3.5	6
3	The Colony	Urb/Exurb.	26,531	2.33	2.33	5
3	Tioga	Rural	754	2.33	1.17	4
3	Tolar	Rural	504	1.17	1.17	2
3	Tom Bean	Rural	941	2.33	1.17	4
3	Trenton	Rural	662	1.17	1.17	2

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
3	Trophy Club	Urb/Exurb.	6,350	2.33	2.33	5
3	University Park	Urb/Exurb.	23,324	3.5	2.33	6
3	Valley View	Rural	737	1.17	1.17	2
3	Van Alstyne	Rural	2,502	2.33	1.17	4
3	Venus	Rural	910	2.33	1.17	4
3	Watauga	Urb/Exurb.	21,908	3.5	2.33	6
3	Waxahachie	Urb/Exurb.	21,426	2.33	1.17	4
3	Weatherford	Rural	19,000	1.17	2.33	4
3	West Tawakoni	Rural	1,462	2.33	3.5	6
3	Westlake	Urb/Exurb.	207	3.5	1.17	5
3	Westminster	Rural	390	2.33	1.17	4
3	Weston	Urb/Exurb.	635	2.33	2.33	5
3	Westover Hills	Urb/Exurb.	658	3.5	1.17	5
3	Westworth Village	Urb/Exurb.	2,124	3.5	1.17	5
3	White Settlement	Urb/Exurb.	14,831	3.5	2.33	6
3	Whitesboro	Rural	3,760	2.33	3.5	6
3	Whitewright	Rural	1,740	2.33	3.5	6
3	Willow Park	Rural	2,849	1.17	1.17	2
3	Wilmer	Rural	3,393	3.5	1.17	5
3	Windom	Rural	245	1.17	1.17	2
3	Wolfe City	Rural	1,566	2.33	3.5	6
3	Wylie	Rural	15,132	2.33	1.17	4
4	Alba	Rural	430	2.33	3.5	6
4	Alto	Rural	1,190	2.33	2.33	5
4	Annona	Rural	282	1.17	3.5	5
4	Arp	Rural	901	3.5	1.17	5
4	Athens	Rural	11,297	2.33	2.33	5
4	Atlanta	Rural	5,745	2.33	2.33	5
4	Avery	Rural	462	1.17	2.33	4
4	Avinger	Rural	464	2.33	3.5	6
4	Beckville	Rural	752	1.17	3.5	5
4	Berryville	Rural	891	2.33	2.33	5
4	Big Sandy	Rural	1,288	2.33	1.17	4
4	Bloomburg	Rural	375	2.33	1.17	4
4	Blossom	Rural	1,439	3.5	1.17	5
4	Bogata	Rural	1,396	1.17	1.17	2
4	Brownsboro	Rural	796	2.33	3.5	6
4	Bullard	Rural	1,150	3.5	3.5	7
4	Caney City	Rural	236	2.33	3.5	6
4	Canton	Rural	3,292	2.33	2.33	5
4	Carthage	Rural	6,664	1.17	2.33	4
4	Chandler	Rural	2,099	2.33	2.33	5
4	Clarksville	Rural	3,883	1.17	2.33	4
4	Clarksville City	Rural	806	3.5	2.33	6
4	Coffee City	Rural	193	2.33	1.17	4
4	Como	Rural	621	2.33	2.33	5
4	Cooper	Rural	2,150	1.17	3.5	5
4	Cumby	Rural	616	2.33	3.5	6
4	Cuney	Rural	145	2.33	2.33	5
4	Daingerfield	Rural	2,517	1.17	3.5	5
4	De Kalb	Rural	1,769	3.5	3.5	7
4	Deport	Rural	718	3.5	1.17	5

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
4	Detroit	Rural	776	1.17	2.33	4
4	Domino	Rural	52	2.33	1.17	4
4	Douglassville	Rural	175	2.33	1.17	4
4	East Mountain	Rural	580	2.33	2.33	5
4	East Tawakoni	Rural	775	1.17	3.5	5
4	Easton	Rural	524	3.5	1.17	5
4	Edgewood	Rural	1,348	2.33	3.5	6
4	Edom	Rural	322	2.33	3.5	6
4	Elkhart	Rural	1,215	2.33	3.5	6
4	Emory	Rural	1,021	1.17	3.5	5
4	Enchanted Oaks	Rural	357	2.33	3.5	6
4	Eustace	Rural	798	2.33	1.17	4
4	Frankston	Rural	1,209	2.33	2.33	5
4	Fruitvale	Rural	418	2.33	1.17	4
4	Gallatin	Rural	378	2.33	2.33	5
4	Gary City	Rural	303	1.17	1.17	2
4	Gilmer	Rural	4,799	2.33	3.5	6
4	Gladewater	Rural	6,078	3.5	3.5	7
4	Grand Saline	Rural	3,028	2.33	1.17	4
4	Gun Barrel City	Rural	5,145	2.33	2.33	5
4	Hallsville	Rural	2,772	2.33	1.17	4
4	Hawkins	Rural	1,331	2.33	3.5	6
4	Henderson	Rural	11,273	2.33	1.17	4
4	Hooks	Rural	2,973	3.5	2.33	6
4	Hughes Springs	Rural	1,856	2.33	2.33	5
4	Jacksonville	Rural	13,868	2.33	2.33	5
4	Jefferson	Rural	2,024	1.17	3.5	5
4	Kilgore	Rural	11,301	3.5	1.17	5
4	Lakeport	Rural	861	3.5	2.33	6
4	Leary	Rural	555	3.5	1.17	5
4	Liberty City	Rural	1,935	3.5	1.17	5
4	Lindale	Rural	2,954	3.5	2.33	6
4	Linden	Rural	2,256	2.33	2.33	5
4	Log Cabin	Rural	733	2.33	3.5	6
4	Lone Star	Rural	1,631	1.17	2.33	4
4	Longview	Urb/Exurb.	73,344	3.5	2.33	6
4	Malakoff	Rural	2,257	2.33	2.33	5
4	Marietta	Rural	112	2.33	1.17	4
4	Marshall	Rural	23,935	2.33	1.17	4
4	Maud	Rural	1,028	3.5	3.5	7
4	Miller's Cove	Rural	120	2.33	3.5	6
4	Mineola	Rural	4,550	2.33	2.33	5
4	Moore Station	Rural	184	2.33	3.5	6
4	Mount Enterprise	Rural	525	2.33	1.17	4
4	Mount Pleasant	Rural	13,935	2.33	2.33	5
4	Mount Vernon	Rural	2,286	1.17	1.17	2
4	Murchison	Rural	592	2.33	1.17	4
4	Naples	Rural	1,410	1.17	3.5	5
4	Nash	Urb/Exurb.	2,169	3.5	3.5	7
4	Nesbitt	Rural	302	2.33	1.17	4
4	New Boston	Rural	4,808	3.5	3.5	7
4	New Chapel Hill	Rural	553	3.5	1.17	5

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
4	New London	Rural	987	2.33	2.33	5
4	New Summerfield	Rural	998	2.33	1.17	4
4	Noonday	Rural	515	3.5	2.33	6
4	Omaha	Rural	999	1.17	3.5	5
4	Ore City	Rural	1,106	2.33	3.5	6
4	Overton	Rural	2,350	2.33	3.5	6
4	Palestine	Rural	17,598	2.33	2.33	5
4	Paris	Rural	25,898	3.5	2.33	6
4	Payne Springs	Rural	683	2.33	1.17	4
4	Pecan Gap	Rural	214	1.17	3.5	5
4	Pittsburg	Rural	4,347	1.17	1.17	2
4	Point	Rural	792	1.17	3.5	5
4	Poynor	Rural	314	2.33	3.5	6
4	Queen City	Rural	1,613	2.33	3.5	6
4	Quitman	Rural	2,030	2.33	2.33	5
4	Red Lick	Rural	853	3.5	3.5	7
4	Redwater	Rural	872	3.5	2.33	6
4	Reklaw	Rural	327	2.33	1.17	4
4	Reno (Lamar)	Rural	2,767	3.5	1.17	5
4	Rocky Mound	Rural	93	1.17	1.17	2
4	Roxton	Rural	694	3.5	2.33	6
4	Rusk	Rural	5,085	2.33	3.5	6
4	Scottsville	Rural	263	2.33	2.33	5
4	Seven Points	Rural	1,145	2.33	1.17	4
4	Star Harbor	Rural	416	2.33	1.17	4
4	Sulphur Springs	Rural	14,551	2.33	3.5	6
4	Sun Valley	Rural	51	3.5	1.17	5
4	Talco	Rural	570	2.33	3.5	6
4	Tatum	Rural	1,175	2.33	2.33	5
4	Texarkana	Urb/Exurb.	34,782	3.5	2.33	6
4	Tira	Rural	248	2.33	1.17	4
4	Toco	Rural	89	3.5	3.5	7
4	Tool	Rural	2,275	2.33	1.17	4
4	Trinidad	Rural	1,091	2.33	3.5	6
4	Troup	Rural	1,949	3.5	2.33	6
4	Tyler	Urb/Exurb.	83,650	3.5	2.33	6
4	Uncertain	Rural	150	2.33	3.5	6
4	Union Grove	Rural	346	2.33	1.17	4
4	Van	Rural	2,362	2.33	3.5	6
4	Wake Village	Urb/Exurb.	5,129	3.5	2.33	6
4	Warren City	Rural	343	3.5	3.5	7
4	Waskom	Rural	2,068	2.33	1.17	4
4	Wells	Rural	769	2.33	3.5	6
4	White Oak	Urb/Exurb.	5,624	3.5	2.33	6
4	Whitehouse	Rural	5,346	3.5	1.17	5
4	Wills Point	Rural	3,496	2.33	2.33	5
4	Winfield	Rural	499	2.33	2.33	5
4	Winnsboro	Rural	3,584	2.33	2.33	5
4	Winona	Rural	582	3.5	1.17	5
4	Yantis	Rural	321	2.33	1.17	4
5	Appleby	Rural	444	2.33	2.33	5
5	Beaumont	Urb/Exurb.	113,866	3.5	2.33	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
5	Bevil Oaks	Rural	1,346	3.5	1.17	5
5	Bridge City	Rural	8,651	2.33	3.5	6
5	Broaddus	Rural	189	1.17	3.5	5
5	Browndell	Rural	219	1.17	1.17	2
5	Buna	Rural	2,269	1.17	1.17	2
5	Burke	Rural	315	2.33	3.5	6
5	Center	Rural	5,678	1.17	2.33	4
5	Central Gardens	Rural	4,106	3.5	1.17	5
5	Chester	Rural	265	1.17	1.17	2
5	China	Rural	1,112	3.5	1.17	5
5	Chireno	Rural	405	2.33	2.33	5
5	Coldspring	Rural	691	1.17	2.33	4
5	Colmesneil	Rural	638	1.17	2.33	4
5	Corrigan	Rural	1,721	1.17	3.5	5
5	Crockett	Rural	7,141	1.17	2.33	4
5	Cushing	Rural	637	2.33	2.33	5
5	Deweyville	Rural	1,190	1.17	2.33	4
5	Diboll	Rural	5,470	2.33	1.17	4
5	Evadale	Rural	1,430	1.17	1.17	2
5	Garrison	Rural	844	2.33	1.17	4
5	Goodrich	Rural	243	1.17	1.17	2
5	Grapeland	Rural	1,451	1.17	3.5	5
5	Groves	Urb/Exurb.	15,733	3.5	2.33	6
5	Groveton	Rural	1,107	1.17	3.5	5
5	Hemphill	Rural	1,106	1.17	1.17	2
5	Hudson	Rural	3,792	2.33	2.33	5
5	Huntington	Rural	2,068	2.33	2.33	5
5	Huxley	Rural	298	1.17	1.17	2
5	Jasper	Rural	8,247	1.17	2.33	4
5	Joaquin	Rural	925	1.17	1.17	2
5	Kennard	Rural	317	1.17	3.5	5
5	Kirbyville	Rural	2,085	1.17	2.33	4
5	Kountze	Rural	2,115	1.17	3.5	5
5	Latexo	Rural	272	1.17	1.17	2
5	Livingston	Rural	5,433	1.17	3.5	5
5	Lovelady	Rural	608	1.17	3.5	5
5	Lufkin	Rural	32,709	2.33	3.5	6
5	Lumberton	Rural	8,731	1.17	1.17	2
5	Mauriceville	Rural	2,743	2.33	2.33	5
5	Milam	Rural	1,329	1.17	1.17	2
5	Nacogdoches	Rural	29,914	2.33	3.5	6
5	Nederland	Urb/Exurb.	17,422	3.5	2.33	6
5	Newton	Rural	2,459	1.17	3.5	5
5	Nome	Rural	515	3.5	3.5	7
5	Oakhurst	Rural	230	1.17	2.33	4
5	Onalaska	Rural	1,174	1.17	3.5	5
5	Orange	Rural	18,643	2.33	3.5	6
5	Pine Forest	Rural	632	2.33	3.5	6
5	Pinehurst (Orange)	Rural	2,274	2.33	1.17	4
5	Pineland	Rural	980	1.17	3.5	5
5	Pinewood Estates	Rural	1,633	1.17	1.17	2
5	Point Blank	Rural	559	1.17	2.33	4

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5	Port Arthur	Urb/Exurb.	57,755	3.5	1.17	5
5	Port Neches	Urb/Exurb.	13,601	3.5	1.17	5
5	Rose City	Rural	519	2.33	3.5	6
5	Rose Hill Acres	Urb/Exurb.	480	1.17	3.5	5
5	San Augustine	Rural	2,475	1.17	2.33	4
5	Seven Oaks	Rural	131	1.17	1.17	2
5	Shepherd	Rural	2,029	1.17	1.17	2
5	Silsbee	Rural	6,393	1.17	2.33	4
5	Sour Lake	Rural	1,667	1.17	1.17	2
5	South Toledo Bend	Rural	576	1.17	1.17	2
5	Tenaha	Rural	1,046	1.17	2.33	4
5	Timpson	Rural	1,094	1.17	3.5	5
5	Trinity	Rural	2,721	1.17	2.33	4
5	Vidor	Rural	11,440	2.33	1.17	4
5	West Livingston	Rural	6,612	1.17	2.33	4
5	West Orange	Rural	4,111	2.33	2.33	5
5	Woodville	Rural	2,415	1.17	3.5	5
5	Zavalla	Rural	647	2.33	3.5	6
6	Aldine	Urb/Exurb.	13,979	3.5	1.17	5
6	Alvin	Urb/Exurb.	21,413	2.33	2.33	5
6	Ames	Rural	1,079	1.17	2.33	4
6	Anahuac	Rural	2,210	1.17	3.5	5
6	Angleton	Rural	18,130	2.33	3.5	6
6	Arcola	Rural	1,048	2.33	2.33	5
6	Atascocita	Urb/Exurb.	35,757	3.5	2.33	6
6	Bacliff	Urb/Exurb.	6,962	2.33	3.5	6
6	Bailey's Prairie	Rural	694	2.33	1.17	4
6	Barrett	Rural	2,872	3.5	3.5	7
6	Bay City	Rural	18,667	1.17	2.33	4
6	Bayou Vista	Rural	1,644	2.33	2.33	5
6	Baytown	Urb/Exurb.	66,430	3.5	1.17	5
6	Beach City	Urb/Exurb.	1,645	1.17	2.33	4
6	Beasley	Rural	590	2.33	2.33	5
6	Bellaire	Urb/Exurb.	15,642	3.5	1.17	5
6	Bellville	Rural	3,794	1.17	1.17	2
6	Blessing	Rural	861	1.17	1.17	2
6	Boling-Iago	Rural	1,271	1.17	1.17	2
6	Bolivar Peninsula	Rural	3,853	2.33	3.5	6
6	Bonney	Rural	384	2.33	1.17	4
6	Brazoria	Rural	2,787	2.33	2.33	5
6	Brookshire	Rural	3,450	1.17	3.5	5
6	Brookside Village	Urb/Exurb.	1,960	2.33	2.33	5
6	Bunker Hill Village	Urb/Exurb.	3,654	3.5	3.5	7
6	Channelview	Urb/Exurb.	29,685	3.5	3.5	7
6	Cinco Ranch	Urb/Exurb.	11,196	2.33	3.5	6
6	Clear Lake Shores	Urb/Exurb.	1,205	2.33	2.33	5
6	Cleveland	Rural	7,605	1.17	3.5	5
6	Cloverleaf	Urb/Exurb.	23,508	3.5	3.5	7
6	Clute	Urb/Exurb.	10,424	2.33	2.33	5
6	Columbus	Rural	3,916	1.17	1.17	2
6	Conroe	Urb/Exurb.	36,811	2.33	2.33	5
6	Cove	Rural	323	1.17	3.5	5

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
6	Crosby	Rural	1,714	3.5	2.33	6
6	Cumings	Rural (USDA)	683	2.33	1.17	4
6	Cut and Shoot	Urb/Exurb.	1,158	2.33	3.5	6
6	Daisetta	Rural	1,034	1.17	2.33	4
6	Damon	Rural	535	2.33	3.5	6
6	Danbury	Rural	1,611	2.33	3.5	6
6	Dayton	Rural	5,709	1.17	3.5	5
6	Dayton Lakes	Rural	101	1.17	1.17	2
6	Deer Park	Urb/Exurb.	28,520	3.5	2.33	6
6	Devers	Rural	416	1.17	3.5	5
6	Dickinson	Urb/Exurb.	17,093	2.33	3.5	6
6	Eagle Lake	Rural	3,664	1.17	2.33	4
6	East Bernard	Rural	1,729	1.17	2.33	4
6	El Campo	Rural	10,945	1.17	2.33	4
6	El Lago	Urb/Exurb.	3,075	3.5	2.33	6
6	Fairchilds	Rural	678	2.33	1.17	4
6	Fifth Street	Urb/Exurb.	2,059	2.33	2.33	5
6	Four Corners	Urb/Exurb.	2,954	2.33	2.33	5
6	Freeport	Urb/Exurb.	12,708	2.33	3.5	6
6	Fresno	Urb/Exurb.	6,603	2.33	3.5	6
6	Friendswood	Urb/Exurb.	29,037	2.33	3.5	6
6	Fulshear	Rural	716	2.33	3.5	6
6	Galena Park	Urb/Exurb.	10,592	3.5	2.33	6
6	Galveston	Urb/Exurb.	57,247	2.33	3.5	6
6	Greatwood	Urb/Exurb.	6,640	2.33	3.5	6
6	Hardin	Rural	755	1.17	1.17	2
6	Hedwig Village	Urb/Exurb.	2,334	3.5	2.33	6
6	Hempstead	Rural	4,691	1.17	2.33	4
6	Highlands	Urb/Exurb.	7,089	3.5	2.33	6
6	Hillcrest	Urb/Exurb.	722	2.33	3.5	6
6	Hilshire Village	Urb/Exurb.	720	3.5	3.5	7
6	Hitchcock	Urb/Exurb.	6,386	2.33	1.17	4
6	Holiday Lakes	Rural	1,095	2.33	3.5	6
6	Houston	Urb/Exurb.	1,953,631	3.5	2.33	6
6	Humble	Urb/Exurb.	14,579	3.5	2.33	6
6	Hungerford	Rural	645	1.17	1.17	2
6	Hunters Creek Village	Urb/Exurb.	4,374	3.5	1.17	5
6	Huntsville	Rural	35,078	2.33	3.5	6
6	Industry	Rural	304	1.17	1.17	2
6	Iowa Colony	Urb/Exurb.	804	2.33	3.5	6
6	Jacinto City	Urb/Exurb.	10,302	3.5	1.17	5
6	Jamaica Beach	Urb/Exurb.	1,075	2.33	3.5	6
6	Jersey Village	Urb/Exurb.	6,880	3.5	1.17	5
6	Jones Creek	Rural	2,130	2.33	2.33	5
6	Katy	Urb/Exurb.	11,775	3.5	1.17	5
6	Kemah	Urb/Exurb.	2,330	2.33	3.5	6
6	Kendleton	Rural	466	2.33	2.33	5
6	Kenefick	Rural	667	1.17	2.33	4
6	La Marque	Urb/Exurb.	13,682	2.33	3.5	6
6	La Porte	Urb/Exurb.	31,880	3.5	1.17	5
6	Lake Jackson	Urb/Exurb.	26,386	2.33	2.33	5
6	League City	Urb/Exurb.	45,444	2.33	1.17	4

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
6	Liberty	Rural	8,033	1.17	3.5	5
6	Liverpool	Rural	404	2.33	3.5	6
6	Louise	Rural	977	1.17	1.17	2
6	Magnolia	Rural	1,111	2.33	3.5	6
6	Manvel	Urb/Exurb.	3,046	2.33	1.17	4
6	Markham	Rural	1,138	1.17	1.17	2
6	Meadows Place	Urb/Exurb.	4,912	2.33	1.17	4
6	Mission Bend	Urb/Exurb.	30,831	2.33	2.33	5
6	Missouri City	Urb/Exurb.	52,913	2.33	2.33	5
6	Mont Belvieu	Rural	2,324	1.17	2.33	4
6	Montgomery	Rural	489	2.33	3.5	6
6	Morgan's Point	Urb/Exurb.	336	3.5	2.33	6
6	Nassau Bay	Urb/Exurb.	4,170	3.5	3.5	7
6	Needville	Rural	2,609	2.33	1.17	4
6	New Territory	Urb/Exurb.	13,861	2.33	1.17	4
6	New Waverly	Rural	950	2.33	3.5	6
6	North Cleveland	Rural	263	1.17	1.17	2
6	Oak Ridge North	Urb/Exurb.	2,991	2.33	2.33	5
6	Old River-Winfree	Rural	1,364	1.17	3.5	5
6	Orchard	Rural	408	2.33	1.17	4
6	Oyster Creek	Rural	1,192	2.33	2.33	5
6	Palacios	Rural	5,153	1.17	1.17	2
6	Panorama Village	Urb/Exurb.	1,965	2.33	2.33	5
6	Pasadena	Urb/Exurb.	141,674	3.5	2.33	6
6	Pattison	Rural	447	1.17	2.33	4
6	Patton Village	Rural	1,391	2.33	3.5	6
6	Pearland	Urb/Exurb.	37,640	2.33	2.33	5
6	Pecan Grove	Rural	13,551	2.33	2.33	5
6	Pine Island	Rural	849	1.17	2.33	4
6	Pinehurst (Montgomery)	Rural	4,266	2.33	2.33	5
6	Piney Point Village	Urb/Exurb.	3,380	3.5	1.17	5
6	Pleak	Rural	947	2.33	3.5	6
6	Plum Grove	Rural	930	1.17	1.17	2
6	Porter Heights	Rural	1,490	2.33	1.17	4
6	Prairie View	Rural	4,410	1.17	1.17	2
6	Quintana	Rural	38	2.33	1.17	4
6	Richmond	Urb/Exurb.	11,081	2.33	3.5	6
6	Richwood	Urb/Exurb.	3,012	2.33	2.33	5
6	Riverside	Rural	425	2.33	3.5	6
6	Roman Forest	Rural	1,279	2.33	1.17	4
6	Rosenberg	Urb/Exurb.	24,043	2.33	2.33	5
6	San Felipe	Rural	868	1.17	3.5	5
6	San Leon	Rural (USDA)	4,365	2.33	3.5	6
6	Santa Fe	Urb/Exurb.	9,548	2.33	2.33	5
6	Seabrook	Urb/Exurb.	9,443	3.5	1.17	5
6	Sealy	Rural	5,248	1.17	1.17	2
6	Sheldon	Rural	1,831	3.5	1.17	5
6	Shenandoah	Urb/Exurb.	1,503	2.33	3.5	6
6	Shoreacres	Urb/Exurb.	1,488	3.5	3.5	7
6	Sienna Plantation	Urb/Exurb.	1,896	2.33	2.33	5
6	Simonton	Rural	718	2.33	3.5	6
6	South Houston	Urb/Exurb.	15,833	3.5	1.17	5

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
6	Southside Place	Urb/Exurb.	1,546	3.5	3.5	7
6	Splendora	Rural	1,275	2.33	3.5	6
6	Spring	Urb/Exurb.	36,385	3.5	1.17	5
6	Spring Valley	Urb/Exurb.	3,611	3.5	1.17	5
6	Stafford	Urb/Exurb.	15,681	2.33	2.33	5
6	Stagecoach	Rural	455	2.33	1.17	4
6	Stowell	Rural	1,572	1.17	1.17	2
6	Sugar Land	Urb/Exurb.	63,328	2.33	2.33	5
6	Surfside Beach	Rural	763	2.33	2.33	5
6	Sweeny	Rural	3,624	2.33	2.33	5
6	Taylor Lake Village	Urb/Exurb.	3,694	3.5	1.17	5
6	Texas City	Urb/Exurb.	41,521	2.33	3.5	6
6	The Woodlands	Urb/Exurb.	55,649	2.33	1.17	4
6	Thompsons	Urb/Exurb.	236	2.33	1.17	4
6	Tiki Island	Urb/Exurb.	1,016	2.33	1.17	4
6	Tomball	Rural	9,089	3.5	3.5	7
6	Van Vleck	Rural	1,411	1.17	1.17	2
6	Waller	Rural	2,092	1.17	2.33	4
6	Wallis	Rural	1,172	1.17	1.17	2
6	Webster	Urb/Exurb.	9,083	3.5	1.17	5
6	Weimar	Rural	1,981	1.17	2.33	4
6	West Columbia	Rural	4,255	2.33	3.5	6
6	West University Place	Urb/Exurb.	14,211	3.5	1.17	5
6	Wharton	Rural	9,237	1.17	2.33	4
6	Wild Peach Village	Rural	2,498	2.33	1.17	4
6	Willis	Rural	3,985	2.33	1.17	4
6	Winnie	Rural	2,914	1.17	1.17	2
6	Woodbranch	Rural	1,305	2.33	1.17	4
6	Woodloch	Rural	247	2.33	3.5	6
7	Anderson Mill	Urb/Exurb.	8,953	2.33	3.5	6
7	Austin	Urb/Exurb.	656,562	3.5	3.5	7
7	Bartlett	Rural	1,675	2.33	3.5	6
7	Barton Creek	Urb/Exurb.	1,589	3.5	3.5	7
7	Bastrop	Rural	5,340	1.17	2.33	4
7	Bear Creek	Rural	360	2.33	1.17	4
7	Bee Cave	Rural	656	3.5	2.33	6
7	Bertram	Rural	1,122	1.17	2.33	4
7	Blanco	Rural	1,505	1.17	3.5	5
7	Briarcliff	Rural	895	3.5	1.17	5
7	Brushy Creek	Urb/Exurb.	15,371	2.33	2.33	5
7	Buchanan Dam	Rural	1,688	1.17	2.33	4
7	Buda	Urb/Exurb.	2,404	2.33	1.17	4
7	Burnet	Rural	4,735	1.17	2.33	4
7	Camp Swift	Rural	4,731	1.17	1.17	2
7	Carmine	Rural	228	1.17	3.5	5
7	Cedar Park	Urb/Exurb.	26,049	2.33	1.17	4
7	Circle D-KC Estates	Rural	2,010	1.17	1.17	2
7	Cottonwood Shores	Rural	877	1.17	3.5	5
7	Creedmoor	Rural	211	3.5	1.17	5
7	Dripping Springs	Rural	1,548	2.33	1.17	4
7	Elgin	Rural	5,700	1.17	2.33	4
7	Fayetteville	Rural	261	1.17	1.17	2

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7	Flatonia	Rural	1,377	1.17	2.33	4
7	Florence	Rural	1,054	2.33	3.5	6
7	Garfield	Rural	1,660	3.5	1.17	5
7	Georgetown	Urb/Exurb.	28,339	2.33	2.33	5
7	Giddings	Rural	5,105	1.17	1.17	2
7	Granger	Rural	1,299	2.33	3.5	6
7	Granite Shoals	Rural	2,040	1.17	3.5	5
7	Hays	Rural	233	2.33	1.17	4
7	Highland Haven	Rural	450	1.17	3.5	5
7	Horseshoe Bay	Rural	3,337	1.17	1.17	2
7	Hudson Bend	Urb/Exurb.	2,369	3.5	2.33	6
7	Hutto	Rural	1,250	2.33	2.33	5
7	Johnson City	Rural	1,191	1.17	1.17	2
7	Jollyville	Urb/Exurb.	15,813	2.33	2.33	5
7	Jonestown	Rural	1,681	3.5	3.5	7
7	Kingsland	Rural	4,584	1.17	1.17	2
7	Kyle	Rural	5,314	2.33	1.17	4
7	La Grange	Rural	4,478	1.17	2.33	4
7	Lago Vista	Rural	4,507	3.5	3.5	7
7	Lakeway	Rural	8,002	3.5	2.33	6
7	Leander	Urb/Exurb.	7,596	2.33	3.5	6
7	Lexington	Rural	1,178	1.17	2.33	4
7	Liberty Hill	Rural	1,409	2.33	1.17	4
7	Llano	Rural	3,325	1.17	2.33	4
7	Lockhart	Rural	11,615	1.17	2.33	4
7	Lost Creek	Urb/Exurb.	4,729	3.5	1.17	5
7	Luling	Rural	5,080	1.17	2.33	4
7	Manor	Rural (USDA)	1,204	3.5	1.17	5
7	Marble Falls	Rural	4,959	1.17	2.33	4
7	Martindale	Rural	953	1.17	3.5	5
7	Meadowlakes	Rural	1,293	1.17	3.5	5
7	Mountain City	Rural	671	2.33	3.5	6
7	Mustang Ridge	Rural	785	1.17	1.17	2
7	Niederwald	Rural	584	2.33	2.33	5
7	Onion Creek	Urb/Exurb.	2,116	3.5	1.17	5
7	Pflugerville	Urb/Exurb.	16,335	3.5	1.17	5
7	Rollingwood	Urb/Exurb.	1,403	3.5	3.5	7
7	Round Mountain	Rural	111	1.17	1.17	2
7	Round Rock	Urb/Exurb.	61,136	2.33	2.33	5
7	Round Top	Rural	77	1.17	1.17	2
7	San Leanna	Urb/Exurb.	384	3.5	3.5	7
7	San Marcos	Urb/Exurb.	34,733	2.33	3.5	6
7	Schulenburg	Rural	2,699	1.17	3.5	5
7	Serenada	Urb/Exurb.	1,847	2.33	3.5	6
7	Shady Hollow	Urb/Exurb.	5,140	3.5	2.33	6
7	Smithville	Rural	3,901	1.17	3.5	5
7	Sunrise Beach Village	Rural	704	1.17	3.5	5
7	Sunset Valley	Urb/Exurb.	365	3.5	3.5	7
7	Taylor	Rural	13,575	2.33	2.33	5
7	The Hills	Rural	1,492	3.5	1.17	5
7	Thrall	Rural	710	2.33	2.33	5
7	Uhland	Rural	386	2.33	3.5	6

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7	Weir	Rural	591	2.33	2.33	5
7	Wells Branch	Urb/Exurb.	11,271	3.5	2.33	6
7	West Lake Hills	Urb/Exurb.	3,116	3.5	1.17	5
7	Wimberley	Rural	3,797	2.33	2.33	5
7	Windemere	Urb/Exurb.	6,868	3.5	2.33	6
7	Woodcreek	Rural	1,274	2.33	3.5	6
7	Wyldwood	Rural	2,310	1.17	1.17	2
8	Abbott	Rural	300	2.33	2.33	5
8	Anderson	Rural	257	2.33	1.17	4
8	Aquilla	Rural	136	2.33	3.5	6
8	Bellmead	Urb/Exurb.	9,214	3.5	2.33	6
8	Belton	Urb/Exurb.	14,623	3.5	2.33	6
8	Beverly Hills	Urb/Exurb.	2,113	3.5	3.5	7
8	Blum	Rural	399	2.33	3.5	6
8	Bremond	Rural	876	2.33	1.17	4
8	Brenham	Rural	13,507	2.33	2.33	5
8	Bruceville-Eddy	Rural	1,490	3.5	2.33	6
8	Bryan	Urb/Exurb.	65,660	3.5	3.5	7
8	Buckholts	Rural	387	2.33	3.5	6
8	Buffalo	Rural	1,804	1.17	3.5	5
8	Burton	Rural	359	2.33	2.33	5
8	Bynum	Rural	225	2.33	3.5	6
8	Caldwell	Rural	3,449	1.17	2.33	4
8	Calvert	Rural	1,426	2.33	1.17	4
8	Cameron	Rural	5,634	2.33	1.17	4
8	Carl's Corner	Rural	134	2.33	3.5	6
8	Centerville	Rural	903	1.17	2.33	4
8	Clifton	Rural	3,542	1.17	1.17	2
8	College Station	Urb/Exurb.	67,890	3.5	3.5	7
8	Coolidge	Rural	848	2.33	2.33	5
8	Copperas Cove	Urb/Exurb.	29,592	2.33	2.33	5
8	Covington	Rural	282	2.33	1.17	4
8	Cranfills Gap	Rural	335	1.17	2.33	4
8	Crawford	Rural	705	3.5	1.17	5
8	Evant	Rural	393	2.33	3.5	6
8	Fairfield	Rural	3,094	2.33	2.33	5
8	Fort Hood	Urb/Exurb.	33,711	3.5	1.17	5
8	Franklin	Rural	1,470	2.33	2.33	5
8	Gatesville	Rural	15,591	2.33	3.5	6
8	Gholson	Rural	922	3.5	1.17	5
8	Goldthwaite	Rural	1,802	1.17	2.33	4
8	Golinda	Rural	423	2.33	3.5	6
8	Groesbeck	Rural	4,291	2.33	2.33	5
8	Hallsburg	Rural	518	3.5	3.5	7
8	Hamilton	Rural	2,977	1.17	1.17	2
8	Harker Heights	Urb/Exurb.	17,308	3.5	2.33	6
8	Hearne	Rural	4,690	2.33	3.5	6
8	Hewitt	Urb/Exurb.	11,085	3.5	1.17	5
8	Hico	Rural	1,341	1.17	2.33	4
8	Hillsboro	Rural	8,232	2.33	3.5	6
8	Holland	Rural	1,102	3.5	2.33	6
8	Hubbard	Rural	1,586	2.33	1.17	4

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
8	Iredell	Rural	360	1.17	2.33	4
8	Itasca	Rural	1,503	2.33	1.17	4
8	Jewett	Rural	861	1.17	3.5	5
8	Kempner	Rural	1,004	2.33	3.5	6
8	Killeen	Urb/Exurb.	86,911	3.5	2.33	6
8	Kirvin	Rural	122	2.33	1.17	4
8	Kosse	Rural	497	2.33	3.5	6
8	Lacy-Lakeview	Urb/Exurb.	5,764	3.5	2.33	6
8	Lampasas	Rural	6,786	2.33	2.33	5
8	Leona	Rural	181	1.17	3.5	5
8	Leroy	Rural	335	3.5	1.17	5
8	Little River-Academy	Rural	1,645	3.5	3.5	7
8	Lometa	Rural	782	2.33	2.33	5
8	Lorena	Rural	1,433	3.5	1.17	5
8	Lott	Rural	724	2.33	2.33	5
8	Madisonville	Rural	4,159	1.17	1.17	2
8	Malone	Rural	278	2.33	1.17	4
8	Marlin	Rural	6,628	2.33	2.33	5
8	Marquez	Rural	220	1.17	2.33	4
8	Mart	Rural	2,273	3.5	3.5	7
8	McGregor	Rural (USDA)	4,727	3.5	3.5	7
8	Meridian	Rural	1,491	1.17	1.17	2
8	Mertens	Rural	146	2.33	3.5	6
8	Mexia	Rural	6,563	2.33	3.5	6
8	Midway	Rural	288	1.17	1.17	2
8	Milano	Rural	400	2.33	1.17	4
8	Millican	Rural	108	3.5	1.17	5
8	Moody	Rural	1,400	3.5	3.5	7
8	Morgan	Rural	485	1.17	1.17	2
8	Morgan's Point Resort	Rural	2,989	3.5	2.33	6
8	Mount Calm	Rural	310	2.33	2.33	5
8	Mullin	Rural	175	1.17	3.5	5
8	Navasota	Rural	6,789	2.33	3.5	6
8	Nolanville	Rural	2,150	3.5	3.5	7
8	Normangee	Rural	719	1.17	1.17	2
8	Oakwood	Rural	471	1.17	2.33	4
8	Oglesby	Rural	458	2.33	3.5	6
8	Penelope	Rural	211	2.33	3.5	6
8	Richland Springs	Rural	350	1.17	1.17	2
8	Riesel	Rural	973	3.5	3.5	7
8	Robinson	Urb/Exurb.	7,845	3.5	1.17	5
8	Rockdale	Rural	5,439	2.33	2.33	5
8	Rogers	Rural	1,117	3.5	2.33	6
8	Rosebud	Rural	1,493	2.33	2.33	5
8	Ross	Rural	228	3.5	1.17	5
8	Salado	Rural	3,475	3.5	1.17	5
8	San Saba	Rural	2,637	1.17	2.33	4
8	Snook	Rural	568	1.17	3.5	5
8	Somerville	Rural	1,704	1.17	3.5	5
8	South Mountain	Rural	412	2.33	1.17	4
8	Streetman	Rural	203	2.33	1.17	4
8	Teague	Rural	4,557	2.33	1.17	4

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
8	Tehuacana	Rural	307	2.33	1.17	4
8	Temple	Urb/Exurb.	54,514	3.5	2.33	6
8	Thorndale	Rural	1,278	2.33	3.5	6
8	Thornton	Rural	525	2.33	2.33	5
8	Todd Mission	Rural	146	2.33	1.17	4
8	Troy	Rural	1,378	3.5	3.5	7
8	Valley Mills	Rural	1,123	1.17	1.17	2
8	Waco	Urb/Exurb.	113,726	3.5	3.5	7
8	Walnut Springs	Rural	755	1.17	1.17	2
8	West	Rural	2,692	3.5	2.33	6
8	Whitney	Rural	1,833	2.33	3.5	6
8	Wixon Valley	Rural	235	3.5	3.5	7
8	Woodway	Urb/Exurb.	8,733	3.5	1.17	5
8	Wortham	Rural	1,082	2.33	3.5	6
9	Alamo Heights	Urb/Exurb.	7,319	3.5	2.33	6
9	Balcones Heights	Urb/Exurb.	3,016	3.5	3.5	7
9	Bandera	Rural	957	1.17	1.17	2
9	Bigfoot	Rural	304	1.17	1.17	2
9	Boerne	Rural	6,178	1.17	2.33	4
9	Bulverde	Rural	3,761	2.33	1.17	4
9	Canyon Lake	Rural	16,870	2.33	2.33	5
9	Castle Hills	Urb/Exurb.	4,202	3.5	3.5	7
9	Castroville	Rural	2,664	2.33	2.33	5
9	Charlotte	Rural	1,637	2.33	1.17	4
9	China Grove	Rural	1,247	3.5	1.17	5
9	Christine	Rural	436	2.33	1.17	4
9	Cibolo	Rural	3,035	2.33	3.5	6
9	Comfort	Rural	2,358	1.17	1.17	2
9	Converse	Urb/Exurb.	11,508	3.5	2.33	6
9	Cross Mountain	Urb/Exurb.	1,524	3.5	1.17	5
9	Devine	Rural	4,140	2.33	3.5	6
9	Dilley	Rural	3,674	1.17	3.5	5
9	Elmendorf	Rural	664	3.5	2.33	6
9	Fair Oaks Ranch	Urb/Exurb.	4,695	3.5	2.33	6
9	Falls City	Rural	591	1.17	1.17	2
9	Floresville	Rural	5,868	1.17	2.33	4
9	Fredericksburg	Rural	8,911	1.17	1.17	2
9	Garden Ridge	Rural	1,882	2.33	3.5	6
9	Geronimo	Urb/Exurb.	619	2.33	1.17	4
9	Grey Forest	Rural	418	3.5	1.17	5
9	Harper	Rural	1,006	1.17	2.33	4
9	Helotes	Urb/Exurb.	4,285	3.5	2.33	6
9	Hill Country Village	Urb/Exurb.	1,028	3.5	1.17	5
9	Hilltop	Rural	300	1.17	1.17	2
9	Hollywood Park	Urb/Exurb.	2,983	3.5	3.5	7
9	Hondo	Rural	7,897	2.33	1.17	4
9	Ingram	Rural	1,740	2.33	3.5	6
9	Jourdanton	Rural	3,732	2.33	3.5	6
9	Karnes City	Rural	3,457	1.17	2.33	4
9	Kenedy	Rural	3,487	1.17	2.33	4
9	Kerrville	Rural	20,425	2.33	3.5	6
9	Kingsbury	Rural	652	2.33	1.17	4

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
9	Kirby	Urb/Exurb.	8,673	3.5	3.5	7
9	La Vernia	Rural	931	1.17	3.5	5
9	Lackland AFB	Urb/Exurb.	7,123	3.5	1.17	5
9	LaCoste	Rural	1,255	2.33	2.33	5
9	Lakehills	Rural	4,668	1.17	3.5	5
9	Leon Valley	Urb/Exurb.	9,239	3.5	2.33	6
9	Live Oak	Urb/Exurb.	9,156	3.5	2.33	6
9	Lytle	Rural	2,383	2.33	1.17	4
9	Marion	Rural	1,099	2.33	2.33	5
9	McQueeney	Urb/Exurb.	2,527	2.33	2.33	5
9	Moore	Rural	644	1.17	1.17	2
9	Natalia	Rural	1,663	2.33	3.5	6
9	New Berlin	Rural	467	2.33	1.17	4
9	New Braunfels	Urb/Exurb.	36,494	2.33	3.5	6
9	North Pearsall	Rural	561	1.17	1.17	2
9	Northcliff	Rural	1,819	2.33	2.33	5
9	Olmos Park	Urb/Exurb.	2,343	3.5	1.17	5
9	Pearsall	Rural	7,157	1.17	1.17	2
9	Pleasanton	Rural	8,266	2.33	3.5	6
9	Poteet	Rural	3,305	2.33	3.5	6
9	Poth	Rural	1,850	1.17	2.33	4
9	Redwood	Rural	3,586	2.33	2.33	5
9	Runge	Rural	1,080	1.17	3.5	5
9	San Antonio	Urb/Exurb.	1,144,646	3.5	2.33	6
9	Santa Clara	Rural	889	2.33	3.5	6
9	Scenic Oaks	Urb/Exurb.	3,279	3.5	1.17	5
9	Schertz	Urb/Exurb.	18,694	2.33	2.33	5
9	Seguin	Urb/Exurb.	22,011	2.33	2.33	5
9	Selma	Rural (USDA)	788	3.5	3.5	7
9	Shavano Park	Urb/Exurb.	1,754	3.5	1.17	5
9	Somerset	Rural	1,550	3.5	3.5	7
9	St. Hedwig	Rural	1,875	3.5	3.5	7
9	Stockdale	Rural	1,398	1.17	3.5	5
9	Stonewall	Rural	469	1.17	2.33	4
9	Terrell Hills	Urb/Exurb.	5,019	3.5	2.33	6
9	Timberwood Park	Urb/Exurb.	5,889	3.5	1.17	5
9	Universal City	Rural	14,849	3.5	3.5	7
9	West Pearsall	Rural	349	1.17	3.5	5
9	Windcrest	Urb/Exurb.	5,105	3.5	3.5	7
9	Zuehl	Rural	346	2.33	1.17	4
10	Agua Dulce (Nueces)	Rural	737	3.5	3.5	7
10	Airport Road Addition	Rural	132	1.17	1.17	2
10	Alfred-South La Paloma	Rural	451	1.17	1.17	2
10	Alice	Rural	19,010	1.17	2.33	4
10	Alice Acres	Rural	491	1.17	1.17	2
10	Aransas Pass	Rural	8,138	2.33	2.33	5
10	Austwell	Rural	192	1.17	3.5	5
10	Bayside	Rural	360	1.17	3.5	5
10	Beeville	Rural	13,129	1.17	2.33	4
10	Benavides	Rural	1,686	1.17	3.5	5
10	Bishop	Rural	3,305	3.5	3.5	7
10	Bloomington	Rural	2,562	2.33	3.5	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
10	Blue Berry Hill	Rural	982	1.17	1.17	2
10	Cantu Addition	Rural	217	1.17	1.17	2
10	Concepcion	Rural	61	1.17	1.17	2
10	Corpus Christi	Urb/Exurb.	277,454	3.5	3.5	7
10	Coyote Acres	Rural	389	1.17	1.17	2
10	Cuero	Rural	6,571	1.17	3.5	5
10	Del Sol-Loma Linda	Rural	726	2.33	1.17	4
10	Doyle	Urb/Exurb.	285	2.33	1.17	4
10	Driscoll	Rural	825	3.5	3.5	7
10	Edgewater-Paisano	Rural	182	2.33	3.5	6
10	Edna	Rural	5,899	1.17	2.33	4
10	Edroy	Rural	420	2.33	1.17	4
10	Encino	Rural	177	1.17	1.17	2
10	Falfurrias	Rural	5,297	1.17	3.5	5
10	Falman-County Acres	Rural	289	2.33	3.5	6
10	Flowella	Rural	134	1.17	1.17	2
10	Freer	Rural	3,241	1.17	2.33	4
10	Fulton	Rural	1,553	1.17	2.33	4
10	Ganado	Rural	1,915	1.17	2.33	4
10	George West	Rural	2,524	1.17	1.17	2
10	Goliad	Rural	1,975	1.17	1.17	2
10	Gonzales	Rural	7,202	1.17	2.33	4
10	Gregory	Rural	2,318	2.33	2.33	5
10	Hallettsville	Rural	2,345	1.17	2.33	4
10	Inez	Rural	1,787	2.33	2.33	5
10	Ingleside	Rural (USDA)	9,388	2.33	2.33	5
10	Ingleside on the Bay	Urb/Exurb.	659	2.33	3.5	6
10	K-Bar Ranch	Rural	350	1.17	3.5	5
10	Kingsville	Rural	25,575	2.33	3.5	6
10	La Paloma-Lost Creek	Rural	323	3.5	3.5	7
10	La Ward	Rural	200	1.17	3.5	5
10	Lake City	Rural	526	2.33	2.33	5
10	Lakeshore Gardens-Hidden Acres	Rural	720	2.33	1.17	4
10	Lakeside (San Patricio)	Rural	333	2.33	1.17	4
10	Lolita	Rural	548	1.17	1.17	2
10	Loma Linda East	Rural	214	1.17	1.17	2
10	Mathis	Rural	5,034	2.33	3.5	6
10	Morgan Farm Area	Rural	484	2.33	3.5	6
10	Moulton	Rural	944	1.17	2.33	4
10	Nixon	Rural	2,186	1.17	3.5	5
10	Nordheim	Rural	323	1.17	2.33	4
10	Normanna	Rural	121	1.17	1.17	2
10	North San Pedro	Rural	920	3.5	2.33	6
10	Odem	Rural	2,499	2.33	2.33	5
10	Orange Grove	Rural	1,288	1.17	3.5	5
10	Owl Ranch-Amargosa	Rural	527	1.17	3.5	5
10	Pawnee	Rural	201	1.17	1.17	2
10	Pernitas Point	Rural	269	1.17	3.5	5
10	Petronila	Rural	83	3.5	1.17	5
10	Pettus	Rural	608	1.17	2.33	4
10	Point Comfort	Rural	781	1.17	2.33	4
10	Port Aransas	Rural (USDA)	3,370	3.5	3.5	7

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10	Port Lavaca	Rural	12,035	1.17	2.33	4
10	Portland	Urb/Exurb.	14,827	2.33	2.33	5
10	Premont	Rural	2,772	1.17	3.5	5
10	Rancho Alegre	Rural	1,775	1.17	3.5	5
10	Rancho Banquete	Rural	469	3.5	1.17	5
10	Rancho Chico	Rural	309	2.33	3.5	6
10	Realitos	Rural	209	1.17	1.17	2
10	Refugio	Rural	2,941	1.17	1.17	2
10	Robstown	Rural	12,727	3.5	1.17	5
10	Rockport	Rural	7,385	1.17	2.33	4
10	San Diego	Rural	4,753	1.17	2.33	4
10	San Patricio	Rural	318	2.33	3.5	6
10	Sandia	Rural	431	1.17	1.17	2
10	Sandy Hollow-Escondidas	Rural	433	3.5	2.33	6
10	Seadrift	Rural	1,352	1.17	3.5	5
10	Shiner	Rural	2,070	1.17	2.33	4
10	Sinton	Rural	5,676	2.33	3.5	6
10	Skidmore	Rural	1,013	1.17	3.5	5
10	Smiley	Rural	453	1.17	3.5	5
10	Spring Garden-Terra Verde	Rural	693	3.5	1.17	5
10	St. Paul (San Patricio)	Rural	542	2.33	1.17	4
10	Taft	Rural	3,396	2.33	3.5	6
10	Taft Southwest	Rural	1,721	2.33	1.17	4
10	Three Rivers	Rural	1,878	1.17	2.33	4
10	Tierra Grande	Rural	362	3.5	2.33	6
10	Tradewinds	Rural	163	2.33	1.17	4
10	Tuleta	Rural	292	1.17	1.17	2
10	Tulsita	Rural	20	1.17	1.17	2
10	Tynan	Rural	301	1.17	2.33	4
10	Vanderbilt	Rural	411	1.17	1.17	2
10	Victoria	Urb/Exurb.	60,603	2.33	2.33	5
10	Waelder	Rural	947	1.17	2.33	4
10	Westdale	Rural	295	1.17	1.17	2
10	Woodsboro	Rural	1,685	1.17	3.5	5
10	Yoakum	Rural	5,731	1.17	3.5	5
10	Yorktown	Rural	2,271	1.17	2.33	4
11	Abram-Perezville	Rural	5,444	3.5	3.5	7
11	Alamo	Urb/Exurb.	14,760	3.5	1.17	5
11	Alto Bonito	Rural	569	2.33	1.17	4
11	Alton	Rural	4,384	3.5	2.33	6
11	Alton North	Rural	5,051	3.5	3.5	7
11	Arroyo Alto	Rural	320	3.5	1.17	5
11	Arroyo Colorado Estates	Rural	755	3.5	3.5	7
11	Arroyo Gardens-La Tina Ranch	Rural	732	3.5	1.17	5
11	Asherton	Rural	1,342	2.33	3.5	6
11	Batesville	Rural	1,298	2.33	2.33	5
11	Bausell and Ellis	Rural	112	1.17	1.17	2
11	Bayview	Rural	323	3.5	3.5	7
11	Big Wells	Rural	704	2.33	3.5	6
11	Bixby	Rural	356	3.5	1.17	5
11	Bluetown-Iglesia Antigua	Rural	692	3.5	2.33	6
11	Botines	Rural	132	3.5	3.5	7

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
11	Box Canyon-Amistad	Rural	76	2.33	1.17	4
11	Brackettville	Rural	1,876	1.17	3.5	5
11	Brownsville	Urb/Exurb.	139,722	3.5	2.33	6
11	Brundage	Rural	31	2.33	1.17	4
11	Bruni	Rural	412	3.5	1.17	5
11	Cameron Park	Urb/Exurb.	5,961	3.5	2.33	6
11	Camp Wood	Rural	822	1.17	3.5	5
11	Carrizo Hill	Rural	548	2.33	3.5	6
11	Carrizo Springs	Rural	5,655	2.33	3.5	6
11	Catarina	Rural	135	2.33	1.17	4
11	Cesar Chavez	Urb/Exurb.	1,469	3.5	3.5	7
11	Chula Vista-Orason	Rural	394	3.5	3.5	7
11	Chula Vista-River Spur	Rural	400	2.33	1.17	4
11	Cienegas Terrace	Rural	2,878	2.33	3.5	6
11	Citrus City	Rural	941	3.5	1.17	5
11	Combes	Urb/Exurb.	2,553	3.5	2.33	6
11	Cotulla	Rural	3,614	1.17	1.17	2
11	Crystal City	Rural	7,190	2.33	2.33	5
11	Cuevitas	Rural	37	3.5	1.17	5
11	Del Mar Heights	Rural	259	3.5	1.17	5
11	Del Rio	Rural	33,867	2.33	2.33	5
11	Doffing	Rural	4,256	3.5	3.5	7
11	Donna	Rural	14,768	3.5	1.17	5
11	Doolittle	Urb/Exurb.	2,358	3.5	2.33	6
11	Eagle Pass	Rural	22,413	2.33	3.5	6
11	Edcouch	Rural	3,342	3.5	2.33	6
11	Edinburg	Urb/Exurb.	48,465	3.5	2.33	6
11	Eidson Road	Rural	9,348	2.33	2.33	5
11	El Camino Angosto	Urb/Exurb.	254	3.5	1.17	5
11	El Cenizo	Rural	3,545	3.5	2.33	6
11	El Indio	Rural	263	2.33	3.5	6
11	El Refugio	Rural	221	2.33	3.5	6
11	Elm Creek	Rural	1,928	2.33	1.17	4
11	Elsa	Rural	5,549	3.5	3.5	7
11	Encantada-Ranchito El Calaboz	Rural	2,100	3.5	1.17	5
11	Encinal	Rural	629	1.17	3.5	5
11	Escobares	Rural	1,954	2.33	3.5	6
11	Falcon Heights	Rural	335	2.33	1.17	4
11	Falcon Lake Estates	Rural	830	2.33	2.33	5
11	Falcon Mesa	Rural	506	2.33	1.17	4
11	Falcon Village	Rural	78	2.33	3.5	6
11	Faysville	Rural (USDA)	348	3.5	3.5	7
11	Fowlerton	Rural	62	1.17	1.17	2
11	Fronton	Rural	599	2.33	1.17	4
11	Garceno	Rural	1,438	2.33	3.5	6
11	Grand Acres	Rural	203	3.5	1.17	5
11	Granjeno	Urb/Exurb.	313	3.5	1.17	5
11	Green Valley Farms	Rural	720	3.5	1.17	5
11	Guerra	Rural	8	1.17	1.17	2
11	Harlingen	Urb/Exurb.	57,564	3.5	3.5	7
11	Havana	Rural	452	3.5	2.33	6
11	Hebbronville	Rural	4,498	1.17	3.5	5

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11	Heidelberg	Rural	1,586	3.5	3.5	7
11	Hidalgo	Rural	7,322	3.5	2.33	6
11	Indian Hills	Rural	2,036	3.5	2.33	6
11	Indian Lake	Rural	541	3.5	3.5	7
11	Knippa	Rural	739	2.33	2.33	5
11	La Blanca	Rural	2,351	3.5	3.5	7
11	La Casita-Garciasville	Rural	2,177	2.33	2.33	5
11	La Feria	Rural	6,115	3.5	3.5	7
11	La Feria North	Rural	168	3.5	3.5	7
11	La Grulla	Rural	1,211	2.33	2.33	5
11	La Homa	Urb/Exurb.	10,433	3.5	2.33	6
11	La Joya	Rural	3,303	3.5	3.5	7
11	La Paloma	Rural	354	3.5	3.5	7
11	La Presa	Rural	508	3.5	1.17	5
11	La Pryor	Rural	1,491	2.33	3.5	6
11	La Puerta	Rural	1,636	2.33	1.17	4
11	La Rosita	Rural	1,729	2.33	2.33	5
11	La Victoria	Rural	1,683	2.33	1.17	4
11	La Villa	Rural	1,305	3.5	1.17	5
11	Lago	Rural	246	3.5	3.5	7
11	Laguna Heights	Rural	1,990	3.5	2.33	6
11	Laguna Seca	Rural	251	3.5	1.17	5
11	Laguna Vista	Rural	1,658	3.5	1.17	5
11	Lake View	Rural	167	2.33	1.17	4
11	Laredo	Urb/Exurb.	176,576	3.5	3.5	7
11	Laredo Ranchettes	Rural	1,845	3.5	1.17	5
11	Larga Vista	Urb/Exurb.	742	3.5	3.5	7
11	Las Colonias	Rural	283	2.33	3.5	6
11	Las Lomas	Rural	2,684	2.33	3.5	6
11	Las Lomitas	Rural	267	1.17	1.17	2
11	Las Palmas-Juarez	Rural	1,666	3.5	2.33	6
11	Las Quintas Fronterizas	Rural	2,030	2.33	2.33	5
11	Lasana	Urb/Exurb.	135	3.5	1.17	5
11	Lasara	Rural	1,024	1.17	2.33	4
11	Laughlin AFB	Rural	2,225	2.33	2.33	5
11	Laureles	Rural	3,285	3.5	2.33	6
11	Leakey	Rural	387	1.17	3.5	5
11	Llano Grande	Urb/Exurb.	3,333	3.5	3.5	7
11	Lopeno	Rural	140	2.33	1.17	4
11	Lopezville	Urb/Exurb.	4,476	3.5	2.33	6
11	Los Alvarez	Rural	1,434	2.33	2.33	5
11	Los Angeles Subdivision	Rural	86	1.17	3.5	5
11	Los Ebanos	Rural	403	3.5	2.33	6
11	Los Fresnos	Rural	4,512	3.5	2.33	6
11	Los Indios	Rural	1,149	3.5	1.17	5
11	Los Villareales	Rural	930	2.33	1.17	4
11	Lozano	Rural	324	3.5	1.17	5
11	Lyford	Rural	1,973	1.17	2.33	4
11	Lyford South	Rural	172	1.17	3.5	5
11	McAllen	Urb/Exurb.	106,414	3.5	3.5	7
11	Medina	Rural	2,960	2.33	2.33	5
11	Mercedes	Rural	13,649	3.5	2.33	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
11	Midway North	Urb/Exurb.	3,946	3.5	1.17	5
11	Midway South	Urb/Exurb.	1,711	3.5	2.33	6
11	Mila Doce	Rural	4,907	3.5	2.33	6
11	Mirando City	Rural	493	3.5	3.5	7
11	Mission	Urb/Exurb.	45,408	3.5	2.33	6
11	Monte Alto	Rural	1,611	3.5	2.33	6
11	Morales-Sanchez	Rural	95	2.33	1.17	4
11	Muniz	Rural	1,106	3.5	3.5	7
11	New Falcon	Rural	184	2.33	1.17	4
11	North Alamo	Urb/Exurb.	2,061	3.5	2.33	6
11	North Escobares	Rural	1,692	2.33	3.5	6
11	Nurillo	Urb/Exurb.	5,056	3.5	2.33	6
11	Oilton	Rural	310	3.5	1.17	5
11	Olivarez	Rural	2,445	3.5	2.33	6
11	Olmito	Urb/Exurb.	1,198	3.5	3.5	7
11	Palm Valley	Urb/Exurb.	1,298	3.5	2.33	6
11	Palmhurst	Urb/Exurb.	4,872	3.5	2.33	6
11	Palmview	Urb/Exurb.	4,107	3.5	2.33	6
11	Palmview South	Urb/Exurb.	6,219	3.5	2.33	6
11	Penitas	Rural	1,167	3.5	3.5	7
11	Pharr	Urb/Exurb.	46,660	3.5	2.33	6
11	Port Isabel	Rural	4,865	3.5	2.33	6
11	Port Mansfield	Rural	415	1.17	2.33	4
11	Primera	Urb/Exurb.	2,723	3.5	2.33	6
11	Progreso	Rural	4,851	3.5	3.5	7
11	Progreso Lakes	Rural	234	3.5	1.17	5
11	Quemado	Rural	243	2.33	1.17	4
11	Radar Base	Rural	162	2.33	1.17	4
11	Ranchette Estates	Rural	133	1.17	1.17	2
11	Ranchitos Las Lomas	Rural	334	3.5	1.17	5
11	Rancho Viejo	Urb/Exurb.	1,754	3.5	2.33	6
11	Ranchos Penitas West	Urb/Exurb.	520	3.5	1.17	5
11	Rangerville	Rural	203	3.5	1.17	5
11	Ratamosa	Rural	218	3.5	1.17	5
11	Raymondville	Rural	9,733	1.17	2.33	4
11	Reid Hope King	Urb/Exurb.	802	3.5	3.5	7
11	Relampago	Rural	104	3.5	1.17	5
11	Rio Bravo	Rural (USDA)	5,553	3.5	2.33	6
11	Rio Grande City	Rural	11,923	2.33	2.33	5
11	Rio Hondo	Rural	1,942	3.5	2.33	6
11	Rocksprings	Rural	1,285	1.17	2.33	4
11	Roma	Rural	9,617	2.33	3.5	6
11	Roma Creek	Rural	610	2.33	1.17	4
11	Rosita North	Rural	3,400	2.33	2.33	5
11	Rosita South	Rural	2,574	2.33	2.33	5
11	Sabinal	Rural	1,586	2.33	3.5	6
11	Salineno	Rural	304	2.33	1.17	4
11	San Benito	Urb/Exurb.	23,444	3.5	3.5	7
11	San Carlos	Rural	2,650	3.5	3.5	7
11	San Ignacio	Rural	853	2.33	1.17	4
11	San Isidro	Rural	270	2.33	2.33	5
11	San Juan	Urb/Exurb.	26,229	3.5	2.33	6

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
11	San Manuel-Linn	Rural	958	3.5	1.17	5
11	San Pedro	Rural	668	3.5	1.17	5
11	San Perlita	Rural	680	1.17	3.5	5
11	Santa Cruz	Rural	630	2.33	3.5	6
11	Santa Maria	Rural	846	3.5	2.33	6
11	Santa Monica	Rural	78	1.17	1.17	2
11	Santa Rosa	Rural	2,833	3.5	1.17	5
11	Scissors	Rural	2,805	3.5	1.17	5
11	Sebastian	Rural	1,864	1.17	1.17	2
11	Siesta Shores	Rural	890	2.33	1.17	4
11	Solis	Rural	545	3.5	3.5	7
11	South Alamo	Rural	3,101	3.5	2.33	6
11	South Fork Estates	Rural	47	1.17	1.17	2
11	South Padre Island	Rural	2,422	3.5	3.5	7
11	South Point	Rural	1,118	3.5	3.5	7
11	Spofford	Rural	75	1.17	1.17	2
11	Sullivan City	Rural	3,998	3.5	2.33	6
11	Tierra Bonita	Rural	160	3.5	1.17	5
11	Utopia	Rural	241	2.33	2.33	5
11	Uvalde	Rural	14,929	2.33	3.5	6
11	Uvalde Estates	Rural	1,972	2.33	3.5	6
11	Val Verde Park	Rural	1,945	2.33	2.33	5
11	Villa del Sol	Rural	132	3.5	1.17	5
11	Villa Pancho	Urb/Exurb.	386	3.5	3.5	7
11	Villa Verde	Urb/Exurb.	891	3.5	1.17	5
11	Weslaco	Urb/Exurb.	26,935	3.5	2.33	6
11	West Sharyland	Rural	2,947	3.5	2.33	6
11	Willamar	Rural	15	1.17	1.17	2
11	Yznaga	Rural	103	3.5	1.17	5
11	Zapata	Rural	4,856	2.33	3.5	6
11	Zapata Ranch	Rural	88	1.17	1.17	2
12	Ackerly	Rural	245	2.33	2.33	5
12	Andrews	Rural	9,652	2.33	2.33	5
12	Balmorhea	Rural	527	2.33	1.17	4
12	Barstow	Rural	406	2.33	3.5	6
12	Big Lake	Rural	2,885	1.17	2.33	4
12	Big Spring	Rural	25,233	2.33	3.5	6
12	Brady	Rural	5,523	2.33	2.33	5
12	Bronte	Rural	1,076	2.33	3.5	6
12	Christoval	Rural	422	3.5	3.5	7
12	Coahoma	Rural	932	2.33	2.33	5
12	Coyanosa	Rural	138	1.17	1.17	2
12	Crane	Rural	3,191	1.17	3.5	5
12	Eden	Rural	2,561	1.17	3.5	5
12	Eldorado	Rural	1,951	1.17	1.17	2
12	Forsan	Rural	226	2.33	2.33	5
12	Fort Stockton	Rural	7,846	1.17	1.17	2
12	Gardendale	Rural	1,197	3.5	1.17	5
12	Goldsmith	Rural	253	3.5	1.17	5
12	Grandfalls	Rural	391	2.33	2.33	5
12	Grape Creek	Rural	3,138	3.5	2.33	6
12	Imperial	Rural	428	1.17	1.17	2

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
12	Iraan	Rural	1,238	1.17	1.17	2
12	Junction	Rural	2,618	2.33	2.33	5
12	Kermit	Rural	5,714	2.33	2.33	5
12	Lamesa	Rural	9,952	2.33	3.5	6
12	Lindsay (Reeves)	Rural	394	2.33	1.17	4
12	Los Ybanez	Rural	32	2.33	1.17	4
12	Mason	Rural	2,134	1.17	3.5	5
12	McCamey	Rural	1,805	1.17	2.33	4
12	Melvin	Rural	155	2.33	3.5	6
12	Menard	Rural	1,653	1.17	2.33	4
12	Mertzon	Rural	839	1.17	1.17	2
12	Midland	Urb/Exurb.	94,996	3.5	3.5	7
12	Monahans	Rural	6,821	2.33	3.5	6
12	Odessa	Urb/Exurb.	90,943	3.5	2.33	6
12	Ozona	Rural	3,436	1.17	1.17	2
12	Paint Rock	Rural	320	1.17	3.5	5
12	Pecos	Rural	9,501	2.33	2.33	5
12	Pyote	Rural	131	2.33	1.17	4
12	Rankin	Rural	800	1.17	1.17	2
12	Robert Lee	Rural	1,171	2.33	3.5	6
12	San Angelo	Urb/Exurb.	88,439	3.5	3.5	7
12	Sanderson	Rural	861	1.17	3.5	5
12	Seagraves	Rural	2,334	2.33	3.5	6
12	Seminole	Rural	5,910	2.33	1.17	4
12	Sonora	Rural	2,924	1.17	1.17	2
12	Stanton	Rural	2,556	1.17	2.33	4
12	Sterling City	Rural	1,081	1.17	2.33	4
12	Thorntonville	Rural	442	2.33	1.17	4
12	Toyah	Rural	100	2.33	1.17	4
12	West Odessa	Urb/Exurb.	17,799	3.5	2.33	6
12	Wickett	Rural	455	2.33	3.5	6
12	Wink	Rural	919	2.33	2.33	5
13	Agua Dulce (El Paso)	Rural	738	3.5	1.17	5
13	Alpine	Rural	5,786	2.33	3.5	6
13	Anthony	Urb/Exurb.	3,850	3.5	1.17	5
13	Butterfield	Rural	61	3.5	1.17	5
13	Canutillo	Urb/Exurb.	5,129	3.5	2.33	6
13	Clint	Rural	980	3.5	1.17	5
13	Dell City	Rural	413	1.17	3.5	5
13	El Paso	Urb/Exurb.	563,662	3.5	3.5	7
13	Fabens	Rural	8,043	3.5	3.5	7
13	Fort Bliss	Urb/Exurb.	8,264	3.5	1.17	5
13	Fort Davis	Rural	1,050	1.17	2.33	4
13	Fort Hancock	Rural	1,713	1.17	3.5	5
13	Homestead Meadows North	Rural	4,232	3.5	2.33	6
13	Homestead Meadows South	Rural	6,807	3.5	3.5	7
13	Horizon City	Rural	5,233	3.5	1.17	5
13	Marathon	Rural	455	2.33	2.33	5
13	Marfa	Rural	2,121	2.33	2.33	5
13	Morning Glory	Rural	627	3.5	1.17	5
13	Prado Verde	Urb/Exurb.	200	3.5	1.17	5
13	Presidio	Rural	4,167	2.33	2.33	5

Region	Place Name	Area Type	2000 Census Population	County % of Region Need Points	Place Need % of Place Rental Households Points	Total AHNS
13	Redford	Rural	132	2.33	1.17	4
13	San Elizario	Urb/Exurb.	11,046	3.5	2.33	6
13	Sierra Blanca	Rural	533	1.17	2.33	4
13	Socorro	Urb/Exurb.	27,152	3.5	2.33	6
13	Sparks	Rural	2,974	3.5	3.5	7
13	Study Butte-Terlingua	Rural	267	2.33	2.33	5
13	Tornillo	Rural	1,609	3.5	3.5	7
13	Valentine	Rural	187	1.17	2.33	4
13	Van Horn	Rural	2,435	1.17	3.5	5
13	Vinton	Rural	1,892	3.5	3.5	7
13	Westway	Urb/Exurb.	3,829	3.5	3.5	7

Item 7

Presentation, Discussion, and possible Approval of disaster relief support

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

Memorandum

To: Edwina Carrington

From: Gordon Anderson

cc: Bill Dally, Michael Lyttle

Date: November 3, 2005

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for September 2005. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

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

TDHCA Outreach Activities, September 2005

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	September 1	Multifamily	Training
TSAHC board meeting	Austin	September 9	Policy & Public Affairs	Monitoring
Hearing for Manufactured Housing proposed rules	Austin	September 12	Manufactured Housing	Public Hearing
Texas Assoc. of Regional Councils 2005 Conference	Dallas	September 14 – 15	Policy & Public Affairs	Exhibitor
Mortgage Revenue Bond Workshop	Austin	September 16	Bond Finance	Training
CED Policy Summit	Austin	September 21	Policy & Public Affairs	Participant
NCSHA Conference	Boston	September 23 – 27	Multifamily, Single Family, Real Estate Analysis, Policy & Public Affairs	Presentation, Participant
Housing Law Task Force	Austin	September 30	Manufactured Housing	Presentation

Executive Director's Report

Status of Implementation of Legislation from 79th Session

The Department is building a Legislative Implementation Database for legislation passed during the 79th Session. The database will be fully populated and include staff tasking and milestone/deadline information by the time of this board meeting

2005 Interim Charges for the House Urban Affairs Committee

1. Evaluate the alternative approaches and implications of short-term restrictions on new construction in Houston, Dallas-Fort Worth and Austin for the Texas Department of Housing and Community Affairs 4 percent tax credit-private activity bond program as well as its 9 percent tax credit program.

2. Consider the implications of eliminating the lottery system for allocating 4 percent housing tax credit awards through the state's Private Activity Bond Program and replacing it with an alternative allocation system.

3. Examine the home ownership rate for low-income Texans, and recommend suggestions on how home ownership rates can be improved for underserved populations.

4. Compare and contrast Texas Department of Housing and Community Affairs administration of the Housing Tax Credit program with best practices around the country.

5. Review the manner and procedures for the determination by the Texas Department of Housing and Community Affairs of the annual Low Income Housing Tax Credits statewide including the 4 percent and 9 percent housing tax credit programs.

6. Evaluate the effectiveness of current underwriting methods of Texas Department of Housing and Community Affairs for its programs.

7. Examine municipal regulation of mobile food vending vehicles.

8. Monitor the agencies and programs under the committee's jurisdiction.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

REPORT ITEM
LOAN STAR MORTGAGE PROGRAM UPDATE
NOVEMBER 10, 2005

To follow up on last month's report item regarding the Loan Star Mortgage Program, a representative from the Single Family Finance Production Division along with representatives from CitiMortgage Inc. participated in Houston radio station KCOH's call-in real estate show hosted by Mr. Shad Bogany. In an effort to promote the new program to the Realtor community, staff will be working in conjunction with CititMortgage staff to develop a Realtor flyer that will feature comparisons between the Loan Star Program and other 100% financing programs. The flyer will be distributed to Realtors at industry events and to Realtors completing the "United Texas – Housing Initiatives That Work" continuing education course sponsored and taught by the Texas Association of Realtors, TDHCA and Fannie Mae.

Additionally, articles featuring highlights of the program will be published in the December issue of Texas Realtor and Houston Realtor magazines. Staff is in the process of contacting other Realtor publications throughout the state including the Asian American Real Estate Association and the National Association of Hispanic Real Estate Professionals (NAHREP) in an effort to promote the program to the 70,000+ Realtors across the state. Staff is also exploring opportunities to advertise in real estate homebuyer guides in several underserved areas of the state. We are also in the process of contacting state legislative offices to see if they are receptive to publishing an article about the new program in newsletters to their constituents.

CitiMortgage representatives continue to provide on-going product training to their correspondent lenders around the state. Additionally, TDHCA is considering promoting this program and other homeownership programs on the Department's new automated hotline.

Community Affairs Report on
U.S. Government Accountability Office (GAO)
Visit to the Department

Mr. James Whitcomb and Ms. Lauren Jones of the U.S. Government Accountability Office (GAO) visited the Department on Monday, October 17, 2005 at 10:30 a.m. The GAO is working on a Congressional request to review the Faith-Based and Community Initiative. Specifically, their objectives are to examine: (1) how federal agencies distribute federal funds for the initiative, including how much money federal agencies have distributed to faith-based organizations (FBOs); (2) agency oversight of these organizations to ensure compliance with various statutory and regulatory safeguards; and, (3) the extent to which federal agencies are evaluating the effectiveness of the services provided by programs run by faith-based organizations.

Ms. Jones conducted most of the interview. TDHCA staff attending included Kelley Crawford, Jesse Mitchell, and Eddie Fariss. During the meeting, we described for the GAO: (1) the process by which TDHCA awards subrecipients for the program; (2) the process TDHCA uses to monitor grant recipients for compliance with different regulations and grant requirements, including the ones related to religious activity; and, (3) the extent to which TDHCA evaluates the performance or effectiveness of subrecipients.

We provided GAO with a notebook that included: a list of FY 03-05 ESGP applications; a list of FY 03-05 ESGP subrecipients; the FY 05 ESGP contract boilerplate; the FY 05 ESGP application packet; the FY 05 ESGP timeline; a description of the ESGP application review process; a description of the risk assessment for monitoring; a list of the ESGP Program Officers; and a list of the FY 03-05 FBO subrecipients and FBOs with which any ESGP subrecipient has had a contractual agreement.

Texas housing officials respond to hurricanes

By Donna Kimura

Houston – One of the lessons learned from the recent hurricanes is that providing permanent housing has to be part of overall emergency planning, once the immediate needs of food, water and short-term shelter are met, according to officials with the Texas Department of Housing and Community Affairs (TDHCA).

TDHCA has been one of the agencies involved in finding homes for the thousands of people who fled the floodwaters of Hurricane Katrina in Louisiana and Mississippi for refuge in Texas. It will also be involved in rebuilding sections of its own state, which was hit soon after by Hurricane Rita.

The housing department was one of the first state agencies to have a presence in Houston as Hurricane Katrina evacuees made their way into the city. An estimated 200,000 people sought relief in Texas, and many continue to live in the state.

Hurricane evacuees at the Astrodome in Houston. *(Photo by Jorge Reyes, TDHCA staff)*

A few days following Hurricane Katrina, nearly a dozen TDHCA officials traveled with Gov. Rick Perry to Houston to assist in the relief effort.

Department officials were eager to help, but the first few days in Houston were frustrating because an emergency relief center still had to get telephone lines and Internet connections. It took several days, but once the communication systems were in place, officials, who had brought computers and printers, were ready to provide assistance.

Overall, 71 employees out of the agency's 260-member workforce volunteered to go to Houston, Dallas, San Antonio and other parts of the state where shelters had been established, said Edwina Carrington, TDHCA executive director. Many were still working in Houston four weeks later.

One of the first steps that TDHCA took was to organize and update a database of agency-financed and privately financed properties, reported Carrington. The database has helped match thousands of newly homeless families with vacant housing.

TDHCA helped place approximately 200 senior citizens and families in housing units over the Labor Day weekend and an additional 400 households the next day. Many more would be helped in the following days.

In Houston alone, 4,000 to 5,000 families have been placed in apartments, said Michael Lyttle, TDHCA's director of policy and public affairs.

At one time, it was estimated that about half of the evacuees in the Astrodome had been receiving some form of public assistance in New Orleans, he said. The people who lived in public housing or had Sec. 8 vouchers in Louisiana were among the easiest people to place. Many found assistance through public housing authorities in Texas.

The Dallas Housing Authority (DHA) was recently praised by the Department of Housing and Urban Development for finding housing for 120 families that evacuated the Gulf Coast. DHA matched families with vacant public housing units. The agency also asked landlords to waive security deposits and to spare the cost of utilities for three months.

Many families, however, didn't have vouchers and didn't live in public housing. They arrived at the shelters with no money. Different apartment owners helped take these families in, and different jurisdictions established rental-assistance programs.

One of the ways that Gov. Perry and many others approached the relief effort was to seek regulatory relief, Carrington said. Their requests were answered by the Internal Revenue Service, which approved a waiver to temporarily suspend some of the requirements of the low-income housing tax credit program. The waivers have allowed TDHCA to place hurricane evacuees into vacant tax credit units on a transient basis, according to Carrington.

She also estimated that some 76,000 evacuees have been touched by Community Services Block Grants. These federal grants, which TDHCA administers in Texas, help fund nonprofit organizations that operate food and nutrition programs, transportation, and even shelters. These nonprofits were directing some of their resources to help the evacuees.

As Texas officials were coping with the mass arrival of evacuees from other states, their own coast was hit by Hurricane Rita. The damages sustained from this second storm will almost certainly result in more demand for TDHCA dollars in that area.

There will likely be more requests for tax-exempt bond financing and tax credits to be directed to the coastal region as it begins its own rebuilding effort. ■