BOARD MEETING OF AUGUST 30, 2006

Beth Anderson, Chair

C. Kent Conine, Vice-Chair

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Shadrick Bogany, Member
Sonny Flores, Member
Norberto Salinas, Member
Vidal Gonzalez, Member

MISSION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
August 30th, 2006

ROLL CALL

	Present	Absent
Anderson, Beth, Chair	__________	__________
Conine, C. Kent, Vice-Chair	__________	__________
Bogany, Shadrick, Member	__________	__________
Gonzalez, Vidal, Member	__________	__________
Flores, Sonny, Member	__________	__________
Salinas, Norberto, Member	__________	__________
Number Present	__________	
Number Absent		__________

_____________________, Presiding Officer

BOARD MEETING

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue
Capitol Extension Auditorium
Austin, Texas 78701

Wednesday, August 30, 2006 8:00 a.m.

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.

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

CONSENT AGENDA
Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

Item 1: Approval of the following items presented in the Board materials:

General Administration Items:
a) Minutes of the Board Meeting of July 12, 2006
b) Minutes of the Board Meeting of July 28, 2006

Bond Finance Division Items:
c) Approval of a Resolution Authorizing Positions Authorized to Sign Documents Related to Bond Transactions, Real Estate Transactions and Execution of Documents, Resolution #06-036

Real Estate Analysis Items:
d) Request for Proposals for Property Management Services

Single Family Bond Finance Items:
e) Preliminary Approval of Single family Mortgage Revenue Bonds, 2006 Series F and 2006 Series G and Junior Lien Single Family Mortgage Revenue Bond, 2006 Series A

f) Approval of One-Year Extension for the Single Family Mortgage Revenue Bond Program Master Servicer Contract

Multifamily Division Items:
g) Housing Tax Credit Amendments

05179	The Villages at Huntsville	Huntsville
04255	Freeport Oaks	Freeport
05195	San Gabriel Seniors	Georgetown
00056	The Woodlands	Beaumont

h) Presentation, Discussion and Possible Combined Refunding of Multi-Family Mortgage Revenue Bonds, with TDHCA as the issuer For:

060622 Red Hills Villas, Round Rock, Texas for a bond Amount Not to Exceed $5,015,000. Resolution #06-033

060621 Champions Crossing, San Marcos, Texas for a bond Amount Not to Exceed $5,125,000. Resolution #06-034

i) Housing Trust Fund Predevelopment Program Notice of Funding Availability

j) Presentation, Discussion and Possible Approval for waiver of the deadline to submit extensions pursuant to §50.20(I) of the 2006 Qualified Allocation Plan (QAP), and approval of requests for extensions of the deadline to submit specific items of the Commitment Notice package and commitment.

060132 Vista Pines Nacogdoches

ACTION ITEMS

Item 2: Presentation, Discussion and Possible Approval of Community Development Block Grant (CDBG) Disaster Recovery Related Items:

a) Presentation, Discussion and Approval of Disaster Relief Conditional Awards for Non-housing Projects in Accordance with the State of Texas Action Plan for CDBG Disaster Recovery Grantees.

Item 3: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) Presentation, Discussion and Possible Issuance of Multi-Family Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits with TDHCA as the issuer For:

04609 Pleasant Village, Dallas, Texas for a bond Amount Not to Exceed $6,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $370,152. Resolution #06-028

060616 Center Ridge Apartments, Duncanville, Texas for a bond Amount Not to Exceed $8,500,000 and the Issuance of a Determination Notice Recommended Credit Amount of $324,532. Resolution #06-029

060610 Meadowland Apartments, Harris County, Texas for a bond amount not to Exceed $13,500,000 and the Issuance of a Determination Notice for a Requested Credit Amount of $967,760. Resolution #06-030

060613 Stonehaven Apartments, Harris County, Texas for a bond amount not to Exceed $11,300,000 and the Issuance of a Determination Notice for a Requested Credit Amount of $710,000. Resolution #06-031

060619 Rolling Creek Apartments, Harris County, Texas for a bond Amount Not to Exceed $0 and the Issuance of a Determination Notice Recommended Credit Amount of $0. Resolution #06-032

Item 4: Rescission of Agenda Item 7a) Presentation, Discussion and Possible Issuance of Multi Family Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer For: 060611 Parkwest Apartments, Houston, Texas for a Bond amount not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $417,987. Resolution No. 06-024 as requested by the Board at the July 28, 2006 TDHCA Board Meeting

a) Board requested action on whether to rescind the action taken at the July 12, 2006 TDHCA Board Meeting to Deny staff recommendation of approval regarding Agenda Item 7. a) Presentation, Discussion and Possible Issuance of Multi Family Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer For: 060611 Parkwest Apartments, Houston, Texas for a Bond amount not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $417,987. Resolution No. 09-024.

b) 060611 Parkwest Apartments, Houston, Texas for a Bond Amount Not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $875,000. Board Resolution No. 06-035.

Item 5: Presentation, Discussion and Possible Approval of Draft Department Rules to be Released for Public Comment

a) Presentation, Discussion and Possible Approval of the Draft Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines, 10 Texas Administrative Code §1.31 through §1.37.

b) Presentation, Discussion and Possible Approval of the Draft Staff Appeals Process, 10 Texas Administrative Code §1.7.

c) Presentation, Discussion and Possible Approval of the Draft Board Appeals Process, 10 Texas Administrative Code §1.8.

d) Presentation, Discussion and Possible Approval of the Draft Rule for Action by Department if Outstanding Balance Exists, 10 Texas Administrative Code §1.13.

e) Presentation, Discussion and Possible Approval of the Energy Assistance Draft Rules, 10 Texas Administrative Code, Chapter 6.

f) Presentation, Discussion and Possible Approval of the Community Services Block Grant Draft Rules and Emergency Shelter Grants Program Draft Rules, 10 Texas Administrative Code, Chapter 5.

g) Presentation, Discussion and Possible Approval of the Draft Alternative Dispute Resolution and Negotiated Rulemaking Process, 10 Texas Administrative Code §1.17.

h) Presentation, Discussion and Possible Approval of the Proposed Repeal of 10 Texas Administrative Code Chapter 49, 2005 Housing Tax Credit Program Qualified Allocation Plan And Rules and Proposed Adoption of 10 Texas Administrative Code Chapter 49, 2007 Draft Housing Tax Credit Program Qualified Allocation Plan And Rules.

i) Presentation, Discussion and Possible Approval of the Proposed Repeal of 10 Texas Administrative Code Chapter 35, 2005 Multifamily Housing Revenue Bond Rules and Proposed Adoption of 10 Texas Administrative Code Chapter 35, 2007 Draft Multifamily Housing Revenue Bond Rules.

j) Presentation, Discussion and Possible Approval of the Draft Housing Trust Fund Rules, 10 Texas Administrative Code Chapter 51.

k) Presentation, Discussion and Possible approval of Compliance Monitoring, Proposed Amendment to Title 10, Part 1, Chapter 60, Subchapter A and Proposed Repeal of Title 10, Part 1, Subchapter A, Sections 1.11, 1.13, and 1.14.

Item 6: Presentation, Discussion and Approval of Policy and Public Affairs Items:

a) Presentation, Discussion and Possible Approval of the 2007 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)

b) Presentation, Discussion and Possible Approval of the 2007 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)

c) Presentation, Discussion and Possible Approval of the 2007 Regional Allocation Formula Methodology (Draft for Public Comment)

d) Presentation, Discussion and Possible Approval of the 2007 Affordable Housing Needs Score Methodology (Draft for Public Comment)

Item 7: Presentation, Discussion and Approval of Financial Administration Items:

a) Presentation, Discussion and Approval of the Legislative Appropriations Request (LAR)

Item 8: Presentation, Discussion and Possible Approval of Single Family Related Items:

a) Presentation, Discussion and Approval of Awards of 2006 Single Family HOME Contracts from the following List:

2006-0016	Ellis Community Resources, Inc.
2006-0017	City of New Braunfels
2006-0018	Ellis Community Resources, Inc.
2006-0019	Burke Center
2006-0020	City of McKinney
2006-0021	Concho Valley Community Action Agency
2006-0022	City of Clarksville
2006-0023	City of Lone Star
2006-0024	City of Avinger
2006-0025	City of Hughes Springs
2006-0026	City of Bloomburg
2006-0027	City of DeKalb
2006-0028	City of Hillsboro
2006-0029	City of Maud
2006-0030	Coto de Casa
2006-0031	Morris County
2006-0032	City of Domino
2006-0033	Pecos County
2006-0034	Coalition for Barrier Free Living/Houston Center for Independent Living, Inc.
2006-0035	City of Muleshoe
2006-0036	City of LaGrulla
2006-0037	City of Hillsboro
2006-0038	Red River County
2006-0039	Community Council of Southwest Texas
2006-0040	Community Council of Southwest Texas
2006-0041	City of Hale Center
2006-0042	City of Stamford
2006-0043	Buckner Children and Family Services, Inc., dba Family Place at Hearthstone
2006-0044	Yoakum County
2006-0045	Center for Housing Resources, Inc.
2006-0046	City of Edinburg
2006-0047	City of Luling
2006-0048	City of Lockhart
2006-0049	City of Robstown
2006-0050	Latino Education Project, Inc.
2006-0051	Habitat for Humanity Council of North Central Texas
2006-0052	City of Seminole
2006-0053	City of Floydada
2006-0054	City of Terrell
2006-0055	Community Action Council of South Texas

2006-0056	Community Action Council of South Texas
2006-0057	City of Naples
2006-0058	City of Tenaha
2006-0059	City of Queen City
2006-0060	City of Rosebud
2006-0061	City of Nash
2006-0062	Economic Development Corporation of the City of Wake Village
2006-0063	Cass County
2006-0064	City of Tatum
2006-0065	City of Omaha
2006-0066	City of Joaquin
2006-0067	City of San Augustine
2006-0068	City of Onalaska
2006-0069	City of Cumby
2006-0070	Affordable Caring Housing Inc.
2006-0071	Affordable Caring Housing Inc.
2006-0072	City of Hempstead
2006-0073	Falls County
2006-0074	United Way of Southern Cameron County
2006-0075	City of Hughes Springs
2006-0076	City of Texarkana
2006-0077	Kingsville Housing Authority
2006-0078	Rockwall Housing Development Corporation
2006-0079	City of Jewett
2006-0080	City of Hubbard
2006-0081	City of Marlin
2006-0082	Walker County
2006-0083	Affordable Housing of Parker County
2006-0084	East Texas Housing Finance Corp.
2006-0085	Cameron County Housing Fin. Corp.
2006-0086	United Way of Southern Cameron County
2006-0087	City of Big Sandy
2006-0088	City of Athens
2006-0089	City of Prairie View
2006-0090	City of Lacy Lakeview
2006-0091	City of Olton
2006-0092	Lifetime Independence for Everyone
2006-0093	Habitat for Humanity Council of North Central; Texas
2006-0094	El Paso MHMR
2006-0095	Karnes County
2006-0096	City of Brookshire
2006-0097	City of Allen
2006-0098	Gulf Coast Center
2006-0099	City of Kingsville
2006-0100	Midland Neighborhood Housing Services
2006-0101	Cameron County Housing Authority
2006-0102	Travis County Housing Finance Corp.
2006-0103	City of Bellmead
2006-0104	Azteca Economic Development Corporation
2006-0105	City of Primera
2006-0106	Nickerson Design & Construction
2006-0107	EBENZ, Inc.
2006-0108	Paris Living – A Community Development Corporation
2006-0109	City of Yorktown
2006-0110	City of Spur
2006-0111	City of Orange Grove
2006-0112	City of Stanton
2006-0113	City of Palacios
2006-0114	City of Trinity
2006-0115	City of Palmer

2006-0116	City of Wallis
2006-0117	City of West Tawakoni
2006-0118	City of Roaring Springs
2006-0119	City of Farwell
2006-0120	City of Rusk
2006-0121	City of Forsan
2006-0122	City of Freer
2006-0123	San Patricio County
2006-0124	City of Gainesville
2006-0125	City of Santa Fe
2006-0126	City of Hawley
2006-0127	City of Sinton
2006-0128	City of Henrietta
2006-0129	City of Huntington
2006-0130	City of Driscoll
2006-0131	City of Ingram
2006-0132	City of Garrett
2006-0133	City of Eagle Lake
2006-0134	City of George West
2006-0135	City of Earth
2006-0136	City of Gregory
2006-0137	City of Hallsville
2006-0138	City of Emory
2006-0139	City of La Grange
2006-0140	City of Smithville
2006-0141	City of Hallettsville
2006-0142	City of Taylor
2006-0143	City of Belton
2006-0144	City of Bishop
2006-0145	Jim Wells County
2006-0146	Lampasas County
2006-0147	City of Littlefield
2006-0148	Bay City Public Housing Authority
2006-0149	City of Mart
2006-0150	City of Blooming Grove
2006-0151	City of Bowie
2006-0152	City of Caddo Mills
2006-0153	Carrizo Springs Affordable Housing, Inc.
2006-0154	City of Celina
2006-0155	City of Merkel
2006-0156	City of Coahoma
2006-0157	City of Morton
2006-0158	City of New Summerfield
2006-0159	Crane County
2006-0160	City of Odem
2006-0161	City of Dickens
2006-0162	City of Alton
2006-0163	City of Aransas Pass
2006-0164	City of Aurora
2006-0165	Town of Bayside
2006-0166	City of Bardwell
2006-0167	City of Crockett
2006-0168	City of Gatesville
2006-0169	City of Gladewater
2006-0170	City of Godley
2006-0171	City of Jefferson
2006-0172	City of Kaufman
2006-0173	City of Kilgore
2006-0174	City of Plainview
2006-0175	City of Roma

2006-0176	City of Pilot Point
2006-0177	City of Big Wells
2006-0178	Economic Action Committee Gulf Coast
2006-0179	City of Slaton
2006-0180	City of Bonham
2006-0181	City of Mineola
2006-0182	City of Cooper
2006-0183	Lamar County
2006-0184	City of Annona
2006-0185	City of Cooper
2006-0186	City of Detroit
2006-0187	City of Avery
2006-0188	City of Deport
2006-0189	City of Point
2006-0190	City of Devine
2006-0191	City of Edgewood
2006-0192	Lamar County
2006-0193	City of Moody
2006-0194	Delta County
2006-0195	City of Florence
2006-0196	Town of Combes
2006-0197	Town of Pecos City
2006-0198	City of Valentine

Item 9: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:

a) Presentation, Discussion and Possible Action on 2006 Housing Tax Credit Appeals (timely filed)

060027	Parkway Ranch
060085	Greenfair Park
060133	Canyon's Landing
060160	Pembrooke Court
060199	Legacy Senior Housing

Any other Appeals Timely Filed

b) Housing Tax Credit Amendments

00005	LBJ Garden Villas	Mesquite
00054	Hunter's Glen Townhomes	San Antonio
00144	Sycamore Pointe Townhomes	Fort Worth
02441	Evergreen at Hulen Bend	Fort Worth
00114	The Haven	College Station

c) Waiver of §50.6(d) of the Qualified Allocation Plan to Allow Adequate Adjustment for cost increases associates with 2006 Tax Credit Applications exceeding the non-statutory $1,200,000 Credit Limitation and Waiver of the Qualified Allocation Plan §50.13(a) requirement to issue all Commitment Notices within 10 days of Board approval and Possible Use of 2007 Forward Commitments for Any Overage of Commitments.

d) Presentation, Discussion and Possible Approval of Determination Notices for Increasing Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers that were Approved in 2005:

060424 Lafayette Village Apartments, Houston, Texas
Harris County HFC is the issuer
Requested Credit Amount of $1,074,454

060425 Baypointe Apartments, Webster, Texas
Harris County HFC is the issuer
Requested Credit Amount of $956,177

e) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

060401 Cypress Creek at River bend (fka Northwest Residential), Georgetown, Texas
Capital Area HFC is the Issuer
Requested Credit Amount of $641,099

060421 Woodside Manor, Conroe, Texas
Montgomery County HFC is the Issuer
Requested Credit Amount of $716,232

060422 Costa Mirada, San Antonio, Texas
San Antonio HFC is the Issuer
Requested Credit Amount of $885,339

060415 Village Creek Apartments, Ft. Worth, Texas
Tarrant County HFC is the Issuer
Requested Credit Amount of $932,493

Item 10: Presentation, Discussion and Possible Approval of Portfolio Management and Compliance Items:

a) HOME Amendments:

542052 City of Socorro
1000020 City of Cotulla
1000028 La Salle County

Item 11: Presentation, Discussion and Possible Approval of Community Affairs Division:

a) Presentation, Discussion and Possible Approval of the Final 2007 LIHEAP State Plan

Item 12: Presentation, Discussion and Possible Approval of Office of Colonia Initiatives Items:

a) Presentation, Discussion and Possible Approval of a Colonia Self-Help Center Award to Val Verde County

b) Presentation, Discussion and Possible Approval of a Memorandum of Understanding between TDHCA and the Office of Rural Community Affairs regarding the management of Community Development Block Grant funds for the Self-Help Center Program

c) Presentation, Discussion and Possible Approval of Self-Help Center Contract Extensions:

Starr County
Maverick County
Cameron County

d) Presentation, Discussion and Possible Approval of Texas Bootstrap Loan Program Contract Extensions:

La Gloria Development Corporation
Community Action Social Services & Education, Inc.
Community Development Corporation of Brownsville

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 *TP Seniors II, Ltd. v. TDHCA* Filed in State Court in Travis County, Texas

2. With Respect to pending litigation styled *Gary Traylor, et al. v. TDHCA*, Filed in Stat Court in Travis County, Texas

3. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court

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

5. With Respect to a pending appeal regarding *Hyperion, et al v. TDHCA, et al* Filed in State Court in the 3rd Court of Appeals

6. With Respect to a request from Representative Kino Flores for an opinion from the Office of the Attorney General regarding statutory interpretation of Texas Government Code §2306.6710(b).

7. With Respect to Honey Creek Kiwi, LLC. Bankruptcy in Bankruptcy Court.

8. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION **Elizabeth Anderson**

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS
Executive Director's Report

1. TDHCA Outreach Activities, July 2006
2. Status of prior HOME amendments
3. Status of HOME Snapshot Report

ADJOURN **Elizabeth Anderson**

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, TDHCA, 221 East 11th Street, 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 Nidia Hiroms, 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

BOARD ACTION REQUEST
August 30, 2006

Action Item

Summary of Board Meeting Minutes for July 12, 2006.

Required Action

Review minutes of the July 12, 2006 Board Meeting and make any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings.

Recommendation

Staff recommends approval of minutes with any requested corrections.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING
1100 Congress Avenue
Capitol Extension, E2.036
Austin, Texas 78701

Wednesday, July 12, 2006; 9:30 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 July 12, 2006 was called to order by the Chair, Ms. Elizabeth Anderson at 9:45 a.m. It was held at 1100 Congress Ave, Capitol Extension, E2.036, Austin, Texas 78701. Roll call certified a quorum was present.

Members Present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice-Chair
Shadrick Bogany – Member
Sonny Flores – Member
The Honorable Norberto Salinas – Member
Vidal Gonzalez – Member (Arrived during the Public Comment Period)

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:

Diana McIver, DMA Development Co., provided testimony concerning construction costs related to Hurricane Rita.

Michael Rawlings, City of Dallas, provided testimony in favor of City Walk at Akard #060086.

Larry James, Central Dallas Community Development Corp., provided testimony in favor of City Walk at Akard #060086.

John P. Greenan, Central Dallas Community Development Corp. provided testimony in favor of City Walk at Akard #060086.

George Ozuna, Jr., Consulting Engineer, provided testimony in favor of Las Palmas Gardens #060122.

Jacqueline Martinez, provided testimony in favor of Las Palmas Gardens #060122.

Cynthia Bast, Locke, Liddell & Sapp, provided testimony in support of appeal for Mesquite Terrace, and requested reconsideration of the vote on June 9 to deny an appeal for quantifiable community participation points for a resident council for the Mesquite Terrace transaction #060117.

Motion made by Mr. Flores to reconsider the vote to deny the appeal for Mesquite Terrace; no seconds; motion fails.

Bob Sherman, Winfield Estates Sr. Development Texarkana, provided testimony against Renaissance Plaza #060050.

Tom McClurg, Jasper Economic Development Group, provided testimony in favor of Prospect Point #060102.

Honorable Representative Joaquin Castro, provided testimony in favor of Las Palmas Gardens #060122.

Roy Navarro, Pharr Housing Authority, provided testimony in support of appeal for Mesquite Terrace #060117.
Perla Cavazos, representing Honorable Senator Eddie Lucio, provided testimony in support of appeal for Mesquite Terrace #060117.
Ms. Anderson welcomed Christine Gibson with the House Urban Affairs Committee.

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

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

AGENDA ITEM 1:

Approval of the following items presented in the Board materials:

General Administration Items:

a) **Minutes of the Audit Committee Minutes of January 18, 2006**
b) **Minutes of the Finance Committee of March 20, 2006**
c) **Minutes of the Board Meeting of June 9, 2006**

Housing Program Items:

d) **Presentation, Discussion and Possible Approval of a Rate Reduction for the Lancaster Ash Creek (formerly known as Primrose Houston School) a 2003 Mortgage Revenue Bond transaction. Resolution No. 06-025.**
e) **Inducement Resolution No.06-022 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 2006:**
060626 Phoenix Place Apartments, Dallas
060627 Family Tree Apartments, Houston

Legal Services:

f) **Presentation, Discussion and Possible Approval of RFP for Tax Credit Counsel**

Financial Administration:

g) **3rd Quarter Investment Report**

Motion made by Mr. Bogany to approve Consent Agenda; seconded by Mr. Conine; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2:

Presentation, Discussion and Possible Approval of Community Development Block Grant (CDBG) Disaster Recovery Related Items:

a) **Presentation, Discussion and Approval of Disaster Relief Conditional Awards in the Amount of $74,523,000 in Accordance with the State of Texas Action Plan for CDBG Disaster Recovery Grantees**
William Dally, DED of Administration, provided report.
Charles Stone, ED, Office Rurual Community Affairs, provided report.
John Henneberger, Texas Low Income Housing Information Service, provided testimony.

Jack Steel, Houston-Galveston Area Council of Governments, provided testimony.
Chester Jourdan, Southeast Texas Regional Planning Commission (SETRPC), provided testimony.
Candye Anderson, SETRPC, provided testimony.
Walter Diggles, Deep East Texas Council of Governments, provided testimony.
Motion made by Mayor Salinas to approve the $74,523,000; seconded by Mr. Bogany. After further discussion, Mayor Salinas withdrew his motion to approve. Motion made by Mr. Conine to table until next board meeting; seconded by Ms. Anderson; passed unanimously.

b) **Memorandum of Understanding between TDHCA and the Office of Rural Community Affairs (ORCA) for the administration of the CDBG Disaster Recovery and Associated CDBG Administrative Operating Budgets for TDHCA and ORCA**
No action taken.

EXECUTIVE SESSION

At 11:42 a.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 12:30 p.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 *TP SENIORS II, LTD. V. TDHCA* Filed in State Court
   2. With Respect to pending litigation styled Gary Traylor, et al v. TDHCA, Filed in Travis County District Court
   3. With Respect to pending litigation styled Dever v. TDHCA Filed in Federal Court
   4. With Respect to pending litigation styled Ballard v. TDHCA and the State of Texas Filed in Federal Court
   5. With Respect to a pending appeal regarding HYPERION, et al v. TDHCA, et al Filed in 3rd Court of Appeals
   6. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION

Ms. Anderson reconvened Open Session at 12:38 p.m. and announced that no action had been taken during the Executive Session and certified that the posted agenda was followed.

AGENDA ITEM 3:

Presentation, Discussion and Possible Approval of Portfolio Management & Compliance Division Items:

a) **HOME Amendments:**

Lucy Trevino, Manager, Portfolio Analysis, provided report.

1000277 City of Jonestown

Motion made by Mr. Conine to approve the three houses, subject to the LCRA assurance that replacement of the septic system would be required, to extend the time frame for those three houses until March 30, 2007 and, to deobligate the balance of the money now; seconded by Mr. Flores; passed unanimously.

1000541 Midland Habitat for Humanity

Motion made by Mr. Conine to approve; seconded by Mr. Flores, passed unanimously.

b) **HTF Single Family Rehabilitation Award: Deep East Texas Council of Governments**
Motion made by Mr. Gonzalez to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

c) **Discussion on the development of a compliance system for affiliated parties and vendors for potential debarment for non-performance**
Kelly Crawford, Acting Director of Portfolio Management and Compliance, provided report.
Motion made by Mr. Flores to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 4:

Presentation, Discussion and Approval of Governmental Affairs Items:

a) **Presentation, Discussion and Possible Approval of the Draft Agency Strategic Plan for the Fiscal Years 2007-2011**
Steve Schottman, Policy and Public Affairs, provided report.
Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 5:

Presentation, Discussion and Possible Approval of Housing Programmatic Items:

a) **Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) in the Amount of Approximately $1,000,000 for the Housing Trust Fund Multifamily Portfolio Uninsured Hurricane Damage Program**
David Danenfelzer, Multifamily Division, provided report.
Motion made by Mr. Bogany to approve staff recommendation; seconded by Mr. Conine; passed unanimously.

b) **Presentation, Discussion and Possible Approval of an Extension of the Termination Date for the Hacienda Santa Barbara Apartments, LP. Commitment.**
David Danenfelzer, Multifamily Division, provided report.
Motion made by Mr. Conine to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 6:

Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:

a) **Presentation, Discussion and Possible Action on 2006 Housing Tax Credit Appeals (timely filed)**
Jen Joyce, Multifamily, provided report.
060144 Centerpoint Home Ownership Weslaco
Bill Fisher, Odyssey Partners, provided testimony.
Apolonio Flores, Weslaco Housing Authority, provided testimony.
John Shackelford, Developer, provided testimony.
William Encinas, Encinas Group of Texas, Inc., provided testimony.
Motion made by Mr. Conine to approve staff recommendation to grant appeal; seconded by Mr. Bogany; passed unanimously.
060143 Sun Valley Homes Mercedes
Withdrawn from consideration.
060147 Orchard Valley Homes Mercedes
Withdrawn from consideration.

Any other Appeals Timely Filed

Monica Poss, National Farm Workers Service Center, provided testimony concerning Casa Ed Couch #060177.

Motion made by Mr. Conine to approve staff recommendation to deny Casa Ed Couch appeal; seconded by Mr. Bogany; Mr. Flores voted No; motion carried.

b) **Presentation, Discussion and Possible Action Regarding Report of Housing Tax Credit Challenges Pursuant §50.17(c) of the 2006 QAP.**

Jen Joyce, Interim Manager, Multifamily, provided report.

Darrell Jack, provided testimony in favor of Picadilly Estates.

Cynthia Bast, Locke Liddell & Sapp, provided testimony.

Lee Burchfield, Feniksas Development, LP, provided testimony concerning Mansions at Briar Creek #060070

Mr. Conine requested a Directors Report, rather than an Action Item, for the July 28 meeting. No Action Taken.

c) **Presentation, Discussion and Possible Approval of a Commitment of 2007 Housing Tax Credit Ceiling to #060002, Fairway Crossing**

Brooke Boston, DED of Programs, provided report.

Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

d) **Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:**

060412 Piedmont Apartments, Baytown, Texas; Southeast Texas HFC is the Issuer; Recommended Credit Amount of $1,069,209

Robbye Meyer, Acting Director, Multifamily Finance Production, provided report.

Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

Mayor Salinas departed meeting after Agenda Item 6d.

AGENDA ITEM 7:

Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) **Presentation, Discussion and Possible Issuance of Multi-Family Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the issuer For:**

060611 Parkwest Apartments, Houston, Texas for a Bond Amount Not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $875,000. Board Resolution No. 06-023.

Honorable Representative Hubert Vo, provided testimony opposing project.

Jerry Wright, Capmark Securities, Inc., provided testimony in favor of project.

Connie Quillen, Alpha-Barnes Real Estate Service, provided testimony in favor of project.

Marvalette Hunter, General Partner, provided testimony in favor of project.

K. Nicole Flores, PNC Bank, provided testimony in favor of project.

Kenneth G. Cash, provided testimony in favor of project.

Louis Stoerner, Alief ISD, provided testimony opposing project.

Charles Woods, Alief ISD, provided testimony opposing project.

Eric Opiela, Finlay Development Co., provided testimony opposing project.

Steve Fowler, Aleif Community Volunteer Fire Department, provided testimony opposing project.

Motion made by Mr. Flores to deny staff recommendation due to an over-concentration of affordable housing; seconded by Mr. Bogany; Mr. Conine and Mr. Gonzalez vote in favor of staff recommendation; Ms. Anderson votes no to deny staff recommendation. Motion to deny staff recommendation passes.

060615 Hillcrest Apartments, Mesquite, Texas for a Bond Amount Not to Exceed $12,700,000 and the Issuance of a Determination Notice Requested Credit Amount of $417,987. Board Resolution No. 06-024.

Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

REPORT ITEMS

Executive Director's Report

Mr. Gerber provided report.

1. TDHCA Outreach Activities, June, 2006

No action taken.

2. Report on Status of previously approved HOME Program Amendments

No action taken.

3. Report on Quarterly Housing Tax Credit Ownership Transfers

No action taken.

During the Report Session, the board discussed with staff how to work with Compliance issues and requested further briefing at a later date.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 2:52 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

EXECUTIVE OFFICE – BOARD

BOARD ACTION REQUEST
August 30, 2006

Action Item

Summary of Board Meeting Minutes for July 28, 2006.

Required Action

Review minutes of the July 28, 2006 Board Meeting and make any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings.

Recommendation

Staff recommends approval of minutes with any requested corrections.

BOARD MEETING

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue
Capitol Extension Auditorium
Austin, Texas 78701
Friday, July 28, 2006; 9:30 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 July 28, 2006 was called to order by the Chair, Ms. Elizabeth Anderson at 9:45 a.m. It was held at 1100 Congress Ave, Capitol Extension Auditorium, Austin, Texas 78701. Roll call certified a quorum was present.

Members Present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice-Chair
Shadrick Bogany – Member
Sonny Flores – Member
The Honorable Norberto Salinas – Member
Vidal Gonzalez – Member

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.

Honorable Robert Puente, State Representative, provided testimony in support of two projects, the San Juan Square development project, and the San Jose Apartment project.
Sumaya Sahti, read a letter on into the record from Senator Van de Putte in favor of the San Juan Square II development in San Antonio.
Perla Cavazos, provided testimony on behalf of Senator Eddie Lucio, Jr. in support of a forward commitment for the Mesquite Terrace Apts. #060117 in Pharr, Texas.
Letter from State Representative Ryan Guillen read for the record in support of the Starr County Housing Authority to Estrella del Sol Estates #060089.
Councilman Gary Griffith, member of the Dallas City Council representing East Dallas, District 9, provided testimony supporting a forward commitment for the City Walk at Akard #060086.
Todd Gallaher, chief of staff for Senator Bob Deuell, provided testimony in support of Moore Grocery Store #060201 in Tyler, Texas.
Bob Sherman, provided testimony in opposition of the Renaissance Plaza #060050 in Texarkana.
Honorable Senator Frank Madla, provided testimony in support of San Jose Apts. #060040.
Letter from State Representative Jim McReynolds read into the record in strong support of approving the release of CDBG Disaster Recovery funds.
Honorable Ismael "Kino" Flores State Representative, provided testimony in support of Mesquite Terrace #060117.
Larkin Tackett, Legislative Director for Senator Zaffirini, read letter into the record supporting the Starr County Housing Authority allocation of the 9 Percent Housing Tax Credit program to Estrella del Sol Estates #060089.
Cynthia Bast of Locke, Liddell and Sapp, provided testimony concerning Parkwest Apts. #060022.
Davonne Lewis with Vogt, Williams and Bowen provided testimony concerning Parkwest Apts. #060022.
Kenneth Cash provided testimony concerning Parkwest Apts. #060022.

Larry Rincones, city manager for the City of Alton, provided testimony in support of the Alton Apartment #060047.
Mike Lopez, executive director for the Hidalgo County Housing Authority, provided testimony in support of the Alton Apts. #060047.
Don Schwartz, provided testimony in opposition to Providence Estates #060219.
Eric Opiela, Finlay Development Co, provided testimony.
Melissa Castro, on behalf of Councilwoman Patty Radle, San Antonio District 5, read her Ms. Radle's letter into the record supporting the San Juan II #060067 in San Antonio, Texas.
Ignacio Almaguer, resident of the City of San Juan & serves on the Board of the San Juan Housing Authority, provided testimony in support of the San Juan II #060067 in San Antonio, Texas.
Honorable San Juanita Sanchez, Mayor, City of San Juan, provided testimony.
Gary Driggers, developer of Fenner Square, provided testimony.
Honorable Alger Kendall, county judge in Karnes County, provided testimony asking for a forward commitment for Villas of Karnes City #060163.
Terry Trevino, executive director for Karnes County Economic Development Corporation, provided testimony asking for a forward commitment for Villas of Karnes City #060163.
Paul Holden, Wilhoit Properties provided testimony concerning Deer Creek Apts. #060130 in Levelland, Texas.
Richard Herrington, Jr., executive director of the Housing Authority of the City of Texarkana, Texas, provided testimony in support of Renaissance Plaza #060050.
George Shackelford, city manager in Texarkana, Texas provided testimony in support of Renaissance Plaza #060050.
Honorable Leopoldo Palacios, Jr., Mayor of the City of Pharr, provided testimony in support of the Mesquite Terrace Apts. #060117 in Pharr.
Hollis Rutledge, provided testimony in support of Mesquite Terrace Apts. #060117 in Pharr, Texas.
Fred Sandoval, city manager for City of Pharr, Texas, provided testimony in favor of Mesquite Terrace Apts. #060117.
Linda Shelton, city council member for the City of Bowie, provided testimony in favor of Grove at Brushy Creek #060104 in Bowie, Texas.
Sylvia Overbides, provided testimony in support of San Juan Square II #060067.
Sandra Perez, secretary of San Juan Resident Council, provided testimony in support of San Juan Square II #060067.

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

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

AGENDA ITEM 1:

Approval of the following items presented in the Board materials:

General Administration Items:

a) Minutes of the Board Meeting of June 26, 2006

Multifamily Division Items:

b) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions

04288	Briarwood Apartments	Kaufman
04295	La Mirage Villas	Perryton

c) Presentation, Discussion and Possible Approval of Senior Managing and Co-Managing Underwriting Firms for Multifamily Mortgage Revenue Bond Transactions

d) Presentation, Discussion and Possible Approval of Participating Lender lists for Single Family Mortgage Revenue Bond (MRB) Program 66 and the 2006 Mortgage Credit Certificate Program (MCC)
e) Presentation, Discussion and Possible Approval of an Application to Request a Reservation for Single Family Bond Authority from the Bond Review Board in the Amount of $120,000,000

Motion made by Mr. Conine to approve consent agenda; seconded by Mr. Bogany; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2:

Presentation, Discussion and Possible Approval of Housing Tax Credit 2006 Cycle Initial Items for Resolution:

a) **Presentation, Discussion and Possible Action on 2006 Housing Tax Credit Appeals (timely filed)**

060032 Mission Palms

Tom Gouris, Director, REA, provided report.

Jen Joyce, Multifamily Finance, provided report.

Demetrio Jimenez, president and CEO of Tropicana Properties, provided testimony.

Bobby Bowling, Tropicana Building, provided testimony.

Motion made by Mr. Conine to grant the appeal on Mr. Bowling's items: 1. Property Taxes – to use same formula the Department applied to the first year in order to calculate property taxes, and apply it every year of the 30 year proformas and projects; 2. Property Taxes – to factor in the new tax law for the expense projections for property taxes; 4. Property Utility Expenses – to adjust the estimates for Utilities and Water, Sewer and Trash, to reflect the per unit data in the 2005 audited statements for the 2 comparable properties; and, 5. Property Management Fees – to recognize the management agreement between Tropicana Building Corporation and Tropicana Properties for the management of Mission Palms; seconded by Mayor Salinas; with Mr. Flores and Mr. Gonzales voting no; motion carried.

b) **Presentation, Discussion and Possible Action on Request for Waiver of Portions of the Real Estate Analysis Rules to Allow Adequate Adjustment for Cost Increases Associated with 2006 Tax Credit Applications**

Tom Gouris, Director, REA, provided report.

Motion made by Mr. Conine to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 3:

Presentation, Discussion and Possible Approval of Community Development Block Grant (CDBG) Disaster Recovery Related Items:

a) **Presentation, Discussion and Approval of Disaster Relief Conditional Awards in the Amount of $74,523,000 in Accordance with the State of Texas Action Plan for CDBG Disaster Recovery Grantees**

William Dally, DED Administration, provided presentation.

Charlie Stone, executive director, Office of Rural Community Affairs, provided testimony.

Honorable John Thompson, County Judge of Polk County, provided testimony.

Walter Diggles, executive director of the Deep East Texas Council of Governments, provided testimony.

Honorable Joe Folk, Jasper County Judge and president of the Deep East Texas Council of Governments, provided testimony.

Honorable Jerome Owens, County Judge of Tyler County, provided testimony.
Ken Pelt, Commissioner in Hardin County, and chairman of the regional review committee for the Southeast Texas Regional Planning Commission, provided testimony.
John Dubose, County Commissioner in Orange County, provided testimony.
Chester Jourdan, executive director for the South East Texas Regional Planning Commission, provided testimony.
David Waxman, provided testimony.
Honorable Representative Mike Hamilton, Orange County, Texas, provided testimony.
Don Iles, city manager in Hemphill, Texas, provided testimony.
Motion made by Mr. Conine to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

BREAK

Ms. Anderson announced at 11:40 a.m., that a short recess for lunch will be taken, to be reconvened later this same day, Friday, July 28, 2006.

OPEN SESSION

Ms. Anderson reconvened Open Session at 12:45 p.m. following the lunch break.

AGENDA ITEM 4:

Presentation, Discussion and Possible Approval of Single Family Housing Programmatic Items:

a) Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) in the Amount of $4,200,000 for Additional Owner Occupied Rehabilitation with HOME Funds in Hurricane Impacted Areas
Eric Pike, Director, Single Family, provided report.
Motion made by Mr. Conine; seconded by Bogany; passed unanimously.

AGENDA ITEM 5:

Presentation, Discussion and Approval of Financial Administration Items:

a) Presentation, Discussion and Possible Approval of FY 2007 Final Draft Operating Budget
b) Presentation, Discussion and Possible Approval of FY 2007 Final Draft Housing Finance Budget
Motion made by Mr. Conine to approve both items; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 6:

Presentation, Discussion and Possible Approval of Real Estate Analysis Items:

a) Presentation, Discussion, and Possible Approval of the Request for Proposals for a Market Analyst to Perform a Market Analysis for San Antonio
Motion made by Mr. Conine to table until August 30 meeting; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 7:

Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:
Brooke Boston, DED Programs, provided report.

a) **Presentation, Discussion and Possible Approval of the Housing Tax Credit Program Draft Policy for Addressing Construction Cost Increases for the 2004 and 2005 Housing Tax Credit Ceiling Portfolio Related to Hurricanes Katrina and Rita**
Cynthia Bast of Locke, Liddell and Sapp, provided testimony.
George Littlejohn, provided testimony.
Motion made by Mr. Conine to approve staff recommendation, with amendment to split funding between '07 and '08, as appropriate; seconded by Mr. Bogany; passed unanimously.

b) **Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:**
060414 Gardens of Tomball, Tomball, Texas
Harris County HFC is the Issuer
Recommended Credit Amount of $750,053
060416 The Landing, San Antonio, Texas
San Antonio Housing Trust Fund is the Issuer
Recommended Credit Amount of $446,390
Motion made by Mr. Bogany to approve; seconded by Mr. Conine; passed unanimously.

c) **Presentation, Discussion and Possible Approval of the Final Commitments for the Allocation of Housing Tax Credits and Waiting List for the 2006 Housing Tax Credit Program Application Round:**
Jen Joyce, Interim Director, Mulifamily Finance Production, provided report.
Roy Navarro, Pharr Housing Authority, provided testimony in support of Mesquite Terrace #060117.
Paul Fitch, Winston-Salem, North Carolina, provided testimony in support of Moore Grocery Lofts #060201.
Jeff Crozier, provided testimony in support of Moore Grocery Lofts.
Larry James, president and CEO with Central Dallas Ministries in Dallas, provided testimony in support of City Walk at Akard #060086.
Dr. Jim Walton, board member for Central Dallas Ministries, provided testimony in support of City Walk at Akard #060086.
Robert Joy, Tropical Housing Development, provided testimony in favor of Alton Apts. #060047.
Jacqueline Martinez, read letter from Mrs. Rosario Marty, President of the Las Palmas Resident Council, into the record.
Rosa Rosales, President, LULAC, provided testimony in support of Las Palmas Gardens #060122.
Ron Anderson, Executive Director for Housing and Community Services, provided testimony in support of application #060024, Cunningham Manor Apts. in Brownsville.
Justin MacDonald, provided testimony in support of Villas at Henderson Place #060021.
Craig Young, O'Connor and Associates, provided testimony in support of Villas at Henderson Place #060021.
Colby Denison, provided testimony in favor of Bluffs Landing #060151.
Rick Simmons, provided testimony in favor of Pinnacle of Pleasant Humble #060136.
William Encinas, provided testimony in favor of San Juan Apts. #060046
Jean Coburn, provided testimony concerning redistribution of credits for 2006 awards.
Motion made by Mr. Conine to approve 2006 staff recommended list, as amended, adding Mission Palms in El Paso; seconded by Mayor Salinas; passed unanimously.

Awarded Recommendations
060014 Nacogdoches Senior Village
060022 Crestmoor Park West Apts
060024 Cunningham Manor Apts

060026 Villa Del Rio Apts
060027 Parkway Ranch
060028 Sheldon Ranch
060032 Mission Palms
060033 Patriot Palms
060034 Cedar Drive Village
060035 Quail Ridge Apts
060038 Oak Timbers-Seminary
060040 San Jose Apts
060041 The Grand Reserve Seniors-Temple Com.
060042 Country Lane Seniors - Waxahachie Com.
060050 Renaissance Plaza
060053 Candletree Apartments
060056 Langwick Senior Residences
060058 Greenfair Park Apartments
060062 Enclave at Parkview Apts
060070 The Mansion at Briar Creek
060071 Retama Village
060072 Easterling Village
060074 Amarillo Gardens Apts
060076 Countryside Village
060080 Spanish Creek Townhomes
060084 El Paraiso Apts
060085 La Estancia II Apts
060087 Sphinx at Alsbury Villas
060095 La Villa De Alton
060099 Oakcreek Apartments
060101 La Vista de Guadalupe
060111 Evergreen at Rockwall
060118 Sunset Haven
060121 LULAC Amistad Apts
060123 LULAC West Park Apts
060125 Country Club Apts
060128 Jacksonville Pines Apartments
060129 Campus View Apts
060132 Vista Pines Apartment Homes
060133 Canyon's Landing
060144 Centerpoint Home Ownership
060158 Alta Vista Senior Towers
060159 Victoria Place Phase II
060160 Pembrooke Court
060162 Picadilly Estates
060168 Birdsong Place Villas
060170 Orchard Park at Willowbrook
060177 Casa Edcouch
060181 Crescent Village II Apts
060189 Concho Village Apts
060192 Skyline Terrace
060193 Villa Main Apts
060194 La Vista Apts
060195 Cedarwood Apts
060199 Legacy Senior Housing of Port Arthur
060206 Gardens of Mabank
060208 Gardens of Gatesville
060211 Hanratty Place Apartments, LP
060217 Reed Road Senior Residential
060218 Cross Plains Senior Village
060225 The Knightsbridge

Forwards from 2006
060006 Tierra Blanca Apts
060005 Green Briar Village
060004 Fieldstone Apts
060007 Landa Place
060003 Floresville Square Apts
Waiting List
060009 Mathis Apts II
060010 King's Crossing Phase II
060013 Paseo de Paz Apts
060025 Providence at East Meadow Apts
060032 Mission Palms
060039 Oak Timbers-Granbury
060046 San Juan Apts
060047 Alton Apts
060048 Villas of Vista Ridge
060049 Los Milagros Apartments
060063 Resaca Springs Apts
060065 Stone Hearst II
060067 San Juan Square II
060077 Sphinx at Boston Living
060078 Copper Square Estates
060081 Woodchase Senior Community
060088 Red Oak II
060089 Estrella del Sol Estates
060091 North Manor Estates Apts
060096 Pleasant View Apts
060098 The Canyons Retirement Community
060100 Estates of Boyd
060103 Wild Horse Commons
060104 The Grove at Brushy Creek
060107 Zion Village
060108 Evergreen at Murphy
060110 Evergreen at Farmers Branch
060112 Evergreen at Tyler
060124 Fenner Square
060126 Park Place Apts
060127 Mill Creek South Apts
060130 Deer Creek Apts
060131 Canyon View Apts
060136 Pinnacle of Pleasant Humble
060138 Residences at Eastland
060140 Key West Village Phase II
060141 Buena Vida Senior Village
060143 Sun Valley Homes
060147 Orchard Valley Homes
060150 Waterford Park Place
060151 Bluffs Landing
060163 Villas of Karnes City
060171 Ebony Estates
060174 Villa del Arroyo Apts
060176 The Residences on Anderson Ltd
060185 Treemont Meadows
060190 Rockwell Manor Apts
060197 Rivermont Place Apartment Homes
060200 BERT'S Senior Housing of Waxahachie
060201 Moore Grocery Lofts
060207 Gardens of Burkburnet
060219 Providence Estates

060220 Western Trail 060222 Jason Avenue Residential 060224 Notting Hill Gate 060226 Cadogan Square 060234 Alamito Place LP 060240 Briarbend Village at Sienna Trails 060241 Sienna Trails Townhomes 060244 Waco River Park Apartment Homes 060245 Mainland Park Apts

d) **Presentation, Discussion and Possible Approval of the Issuance of Commitments for Allocations of 2007 Housing Tax Credits from the 2007 Tax Credit Ceiling for 2006 Applications not awarded in the 2006 cycle.**
Barry Palmer, Coats & Rose, provided testimony.
Ike Akbari, Itex Developers, provided testimony.
Diana McIver, GMA Development Company, provided testimony concerning The Grove at Brushy Creek #060104 and Prospect Point #060102.
Tom Willis, vice chairman of the Victoria Housing Authority, provided testimony.
Robert Joy, Tropical Housing Development, provided testimony in support of Alton Apts. #060047
Motion made by Mr. Conine to allocate using the Board discretion provided for in the QAP for 2007 forward tax credit allocations to these projects: 060086-City Walk at Akard; 060201-Moore Grocery Lofts, 060122-Las Palmas Gardens, 060117-Mesquite Terrace, 060105-Cypress Wood Crossing, 060102-Prospect Point, and 060073-Thomas Ninke Seniors Project; seconded by Mr. Bogany; passed unanimously.

Forwards for 2007
060021 Villas at Henderson Place
060073 Thomas Ninke Senior Village
060086 City Walk at Akard
060102 Prospect Point
060105 Cypresswood Crossing
060117 Mesquite Terrace
060122 Las Palmas Gardens Apts

AGENDA ITEM 8:

Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) **Presentation, Discussion and Possible Issuance of Multi-Family Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits with TDHCA as the issuer For:**

04608 *Grove Village*, Dallas, Texas for a bond Amount Not to Exceed $6,180,000 and the Issuance of a Determination Notice Recommended Credit Amount of $402,329.
Dan Steffey, VP, Guardian Management Company, provided testimony.
Motion made by Mr. Bogany to approve; seconded by Mr. Conine; passed unanimously.
04609 *Pleasant Village*, Dallas, Texas for a bond Amount Not to Exceed $6,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $370,152.
Postponed due to clerical error on posting.
060616 *Center Ridge Apartments*, Duncanville, Texas for a bond Amount Not to Exceed $8,500,000 and the Issuance of a Determination Notice Recommended Credit Amount of $324,532.
Postponed due to clerical error on posting.

b) **Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Mortgage Revenue Bonds and for Filing Applications for Private Activity Bond Authority – 2006 Waiting List:**
060628 Lancaster Apartments Katy
Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

RELATED NON-AGENDA ITEM:

Request by Mr. Conine to Board to consider rescinding vote on Parkwest Apts.; with no objection, Ms. Anderson instructed staff to add Parkwest Apts. to agenda for August 30 and to notify all the parties that participated previously.

AGENDA ITEM 9:

Presentation, Discussion and Possible Approval of Multifamily Housing Programmatic Items:

a) **Presentation, Discussion and Possible Approval of Awards for the 2006 HOME Preservation and Rental Development program:**

060106	Wild Horse Commons	Kingsville
060163	Villas at Karnes City	Karnes City
060102	Prospect Point	Jasper
060112	Evergreen at Tyler	Tyler
060022	Crestmoor Park West	Burleson
060206	Gardens of Mabank	Mabank
060208	Gardens of Gatesville	Gatesville
060243	HVM Zapata II	Zapata
060084	El Paraiso	Edcouch
060218	Cross Plains Senior Village	Cross Plains
060121	LULAC Amistad	Sinton

David Danenfelzer, Multifamily Program Administrator provided report and noted changes due to previous board vote.
Motion made by Mr. Bogany to approve awards and accept staff recommendation to increase the amount of HOME funds that are drawn to include up to $623,989 for additional funding as needed from general set-aside; seconded by Mayor Salinas; passed unanimously.

b) **Presentation, Discussion and Possible Approval of Awards for the 2006 HOME Community Housing Development Organization (CHDO) Rental Development program:**

060110	Evergreen at Farmers Branch	Farmers Branch
060612	Ennis Senior Estates	Ennis
060192	Skyline Terrace	Austin
060159	Victoria Place Phase II	Athens
060160	Pembrooke Court	Gatesville
060100	Estates of Boyd	Boyd
060111	Evergreen at Rockwall	Rockwall
060162	Picadilly Estates	Pflugerville

David Danenfelzer, Multifamily Program Administrator, provided report.
Motion made by Mr. Conine to approve staff recommendation; seconded by Mayor Salinas; passed unanimously.

EXECUTIVE SESSION

The Executive Session was not held.

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 *TP SENIORS II, LTD. V. TDHCA* Filed in State Court
   2. With Respect to pending litigation styled Gary Traylor, et al v. TDHCA, Filed in Travis County District Court
   3. With Respect to pending litigation styled Dever v. TDHCA Filed in Federal Court
   4. With Respect to pending litigation styled Ballard v. TDHCA and the State of Texas Filed in Federal Court
   5. With Respect to a pending appeal regarding HYPERION, et al v. TDHCA, et al Filed in 3rd Court of Appeals
   6. With Respect to a request from Representative Kino Flores for opinion from the Office of the Attorney General Opinion on QAP and QCP definitions
   7. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

REPORT ITEMS

Executive Director's Report

1. Report of Housing Tax Credit Challenges

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 3:33 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

EXECUTIVE OFFICE

BOARD ACTION REQUEST
August 30, 2006

Action Item

Approval of a Resolution Authorizing Positions Authorized to Sign Documents Related to Bond Transactions, Real Estate Transactions and Execution of Documents, Resolution #06-036.

Required Action

Approval of Resolution #06-036 Designating Positions Authorized to Sign Documents Related to Bond Transactions, Real Estate Transactions and Execution of Documents. With the changes in titles for new senior positions in the Department, Resolution #06-018 was approved in June. At that time there was an omission of language authorizing signing authority on real estate transactions. This resolution corrects that omission.

Background

The provisions of Chapter 2306, Texas Government Code, as amended, authorize the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

Resolution 06-036 amends Section 3. Section 3 -- Designation of Signatory Authority For Real Estate Transactions to include signature authority for real estate transactional documents and all other documents executed in connection with real estate transactions, which was omitted in Resolution #06-018. The new language is underlined in the attached resolution. This change returns the Resolution back to previously granted authority and reflects the position name changes that recently occurred.

Recommendation

Approve the Resolution as presented.

RESOLUTION NUMBER 06-036
RESOLUTION OF THE BOARD OF DIRECTORS RESCINDING RESOLUTION NO. 06-018 DESIGNATING SIGNATURE AUTHORITY

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on June 9, 2006, the Governing Board adopted Resolution 06-018, designating signature authority for bond and real estate transactions; and

WHEREAS, the Governing Board has now determined that Resolution 06-018, designating signature authority, should be rescinded because of the reorganization of the Department and new signature authorities designated.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

<u>Section 1 – Rescission of Prior Signature Authority.</u> The Governing Board hereby rescinds Resolution 06-018.

<u>Section 2 -- Designation of Signature Authority For Bond Transactions</u>. The Governing Board hereby authorizes and designates the Chairman or Vice Chairman of the Board, the Board Secretary, the Executive Director or the Acting Executive Director, the Deputy Executive Director of Programs, the Deputy Executive Director of Agency Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Single Family Finance Production, and the Director of Multifamily Finance Production as signatories for single family and multifamily bond transactions including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with such bond transactions.

<u>Section 3 -- Designation of Signatory Authority For Real Estate Transactions</u>. The Governing Board hereby authorizes and designates the Executive Director or the Acting Executive Director, the Board Secretary, the Deputy Executive Director of Programs, the Deputy Executive Director of Agency

Administration, the Director of Financial Administration, the Director of Multifamily Finance Production, and the Director of Single Family Finance Production as signatories for earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, deposits and disbursements on agency bank accounts, real estate transactional documents and all other documents executed in connection with real estate transactions.

Section 4 -- Execution of Documents. The Governing Board hereby authorizes the Executive Director or the Acting Executive Director to execute, on behalf of the Department, any and all documents necessary to effect this Resolution.

Section 5 -- Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 6 -- 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 and Administrative Code Acts, 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 30th day of August, 2006.

____

Chair of the Governing Board

[SEAL]

ATTEST:

____

Secretary to the Board

REAL ESTATE ANALYSIS DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, discussion and possible approval of the Texas Department of Housing and Community Affairs publication, selection and contracting of the services of a property management firm or firms through a Request For Proposals From Property Management Companies To Provide Property Management Services.

Required Action

Approve, amend or deny staff's recommendation for publication, selection and contracting of services through a Request for Proposal for property management services.

Background

The Texas Department of Housing and Community Affairs (the "Department") established the Asset Management Program during its reorganization in 2003. Since establishing the Asset Management Program the Department is now aggressively monitoring and pursuing collection of delinquent, non-performing and defaulted loans, grants and allocations. Most Department assets perform satisfactorily; however, there are a few cases where a property owner does not perform satisfactorily or as agreed.

In the course of performing the Asset Management functions staff has determined that there is a need for the services of a property management services firm in the event that there is a foreclosure of one or more of our portfolio properties. Currently we have two properties approved for foreclosure and two pending approval. One property is currently scheduled for foreclosure in October 2006. It should be noted however that we are in the process of developing an overall Agency Enforcement Policy for problem assets and properties, and to the extent there are areas of the final approved policy that conflict with the RFP, then we will update and re-issue the RFP based upon the approved policy. It is anticipated that the selection of a property management company or companies will be brought before the Board at the scheduled October meeting for additional discussion and final approval.

The property management services firm or firms will manage the day to day operations of the properties from the time of foreclosure until the resale of the properties to new owners. The selected property management company or companies will provide complete property management services that are normally or routinely expected for multifamily rental properties, such as management, marketing, leasing, administrative and maintenance or other services for the property that are necessary or that may become necessary for the property from time to time. Accordingly, we recommend that the Department issue a Request for Proposal from Property Management Companies for Property Management Services in order that we may contract with a company or companies to manage properties in the event that it becomes necessary due to foreclosure of any portfolio properties.

The Request for Proposal (RFP) method of procurement of these property management services is being used because neither an Invitation for Bid nor a Request for Qualifications are practical for expediting the provision of these services. The RFP method allows for some discussion or negotiation of services and best and final offers can be solicited. This RFP was reviewed by the TDHCA purchasing division and by the Texas Building and Procurement Commission (TBPC), and comments from both groups were incorporated, though such review by TBPC was informal and not required.

The Request for Proposals will be published in the Texas Register, on the Department's website and will be mailed to firms that have indicated an interest in providing these type services for TDHCA in the recent past.

We will contract with the highest scoring respondent or respondents for work for an initial period of one (1) year with an option for up to 2 additional years. However, we will reserve the right to terminate and re-issue the RFP if the Board approves a more comprehensive enforcement policy that conflicts with this RFP.

The preferred method of payment for property management fees is through a percentage of effective gross income for each property managed by a property manager; however, in some cases effective gross income will not be sufficient to pay acceptable fees. In those cases, TDHCA may be required to pay a fixed dollar fee per unit to the management company. The funds to pay those fixed dollar fees will have to be provided from the Asset Management fund. This fund is currently approved for use by the Department for payments of items such as the cost of foreclosure, payment of taxes, payment of insurance premiums and necessary property rehabilitations related to workouts. On October 13, 2005 the TDHCA Board approved the use of $233,000 in BMIR funds for such workout expenses. To date, $103,522 of those funds has been utilized (primarily for property tax payments), leaving a balance as of July 31, 2006 of $129,478 plus interest earned of $4,097 for a total of $133,575. The BMIR funds used to pay these workout expenses are to be the first funds repaid to the maximum extent possible when there is a recovery on a problem asset.

The proposals received will be scored and evaluated based on the following minimum criteria:

A. Proposed Fee Structure
B. Qualifications and Experience of Company and Key Personnel
    1. Minimum Qualifications **(Threshold Requirement):**
        a. There will be a minimum of three years direct experience performing the services for affordable rental properties.
        b. Current membership in professional property management organizations such as the Institute of Real Estate Management

(IREM), Building Owners and Managers Association (BOMA), National Association of Realtors, etc.; and

c. Professional certification, registration, and/or licensure from accredited organizations, or governmental regulatory agencies. This includes any subcontractor as well if a license or permit is required to carry out any aspect of the RFP by applicable law.

d. Description of any experience in fee management of workout properties.

2. Corporate Experience:
   Corporate resume, detailed organizational and operational descriptions of the firm and an indication whether the firm has offices in Texas.

3. Experience of Key Staff Members:
   Resumes of individual key staff members responsible for performing the duties.

4. Financial Strength:
   Most recent fiscal year end audited financial statements.

5. Current List of Accounts:
   Complete list of accounts for which Property Management services are currently provided, with summary information for each account, including the name of the client, the number of properties, the dates they managed the properties and units in each portfolio, what affordability programs, if any, are associated with the properties, a description of the services provided, and the period of time over which services have been performed.

6. References:
   Names, addresses, and telephone numbers of three references the Department may contact concerning the firm's performance as a property manager or property management company for affordable multifamily rental properties.

C. Proposed Management Plan and Agreement:
   Proposed Management Agreement including a Management Plan or proposal identifying the services that the firm will provide, giving detailed explanations of how such services will be provided.

D. Operational Documentation and Data
   1. Sample client reports
   2. Service Audits:
      Copies of internal or external service audits that may have been performed in the last two years.

E. Identity of Interest **(Threshold Requirement):**
   Disclosure of the nature of any interests the firm or any related entities may have in any properties financed through the Department. Such interests may include, but would not necessarily be limited to, owning, holding a debt or equity interest against a property, or providing loan servicing, monitoring, or other services for a related party owner, or mortgagee;
   NOTE: Interest in one property or group of properties will not necessarily exclude management of other unrelated properties.

The scoring criteria for the evaluation will be weighted as follows:

A.	Proposed Fee Structure	30 Points
B.	Qualifications and Experience of Company and Key Personnel	35 Points
	1. Minimum Requirements **(Threshold Requirement)**	

	2. Corporate Experience	
	3. Experience of Key Staff Members	
	4. Financial Strength	
	5. Current List of Accounts	
	6. References	
C.	Proposed Management Plan and Agreement	20 Points
D.	Operational Documentation and Data	15 Points
	1. Sample Client Reports	
	2. Service Audits	
E.	Identity of Interest **(Threshold Requirement)**	0 Points
Total Possible:		**100 Points**

Recommendation

Approval of publication, selection and contracting of property management firm or firms through publication of Request for Proposal from Property Managers to Provide Property Management Services. Approval of final provider or providers will be presented to the Board for full discussion prior to execution of a contract(s) by the Executive Director.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REQUEST FOR PROPOSALS
FROM PROPERTY MANAGEMENT COMPANIES
TO PROVIDE PROPERTY MANAGEMENT SERVICES
DATE: SEPTEMBER 15, 2006

I. PURPOSE OF THE REQUEST

The Texas Department of Housing and Community Affairs (the "Department" or "TDHCA") hereby requests proposals from qualified property management companies to provide property management services on a temporary basis for income and rent restricted multifamily rental properties located throughout Texas that are under a receivership or foreclosure action by the Department. The selected property management company (PMC), or companies, shall act as the Department's Agent and shall advise and assist the Department in all aspects of property management contemplated for such properties.

II. NATURE OF REQUIRED SERVICES

The selected Property Management Company (PMC) shall provide complete property management services that are normally or routinely expected for multifamily rental properties such as management, marketing, leasing, administrative and maintenance or other services for the property that are necessary or that may become necessary for the property from time to time. These services may be required for periods ranging from one (1) month to three (3) years and may include, but are not limited to the following:

A. MARKETING AND LEASING
   1. Marketing and advertising the availability of restricted and unrestricted units;
   2. Making units ready and showing units for lease
      a. Qualifying prospective tenants under appropriate affordability program guidelines;
      b. Coordinating leasing documents through local Section 8 administrative offices or the local housing authority as appropriate; and,
      c. Maintaining complete and accurate leasing records, lease files, maintenance requests and correspondence for all applicants and tenants in a manner acceptable to the Department;

B. BUDGET PREPARATION AND PLANNING
   1. Study local market comparables and advise the Department with regard to appropriate rent levels and lease terms;
   2. Prepare annual or periodic preventative maintenance schedules, marketing plans and operating budgets based on anticipated property cash flows for approval to the Department, monitor their performance on a quarterly basis and recommend revisions as appropriate;
   3. Prepare, or assist in preparing, a long-term property condition assessment including the estimated time frame and dollar amount to correct

immediate life/safety issues and make necessary repairs to the property; and,

4. Submit a plan to include recommendations and a strategy for bringing the property into compliance with HOME program requirements, the Land Use Restrictions (LURA) and any other applicable federal, state, county or municipal requirements based on anticipated property cash flows.

C. COLLECTION, DISBURSEMENT AND REPORTING

1. Deposit all rents, revenues, security deposits and approved reserves for capital improvements and operating reserves into separate, federally insured operating accounts at institutions chosen or approved by the Department (reserve accounts shall be deposited into interest bearing accounts);
2. From the appropriate accounts, promptly disburse security deposit refunds and payments of all authorized operating expenses including the management fee and reimbursements due and payable to the PMC;
3. Provide a property information reporting package to the Department by the 10^{th} of each month for the property that shall include the following:
    a. A statement of Income and Expenses for the current month with year to date totals and the corresponding monthly and year to date budgets for comparison;
    b. A Balance Sheet reflecting the assets, liabilities and net worth of the property;
    c. A detailed General Ledger statement;
    d. A listing of all accounts payable/receivable from the property as of an approved cut-off date for the close of the report;
    e. Copies of all reconciled bank statements;
    f. Copies of all paid invoices and statements;
    g. Checks for excess funds on hand at the end of the previous month;
    h. Rent rolls, unit status reports, traffic reports, leasing and marketing updates and eviction status reports; and,
    i. Compliance reports as required by the Department.

4. EMPLOYEE SUPERVISION AND REIMBURSEMENT

The PMC shall employ sufficient personnel and resources at the property to meet the requirements of the Department. All on-site personnel shall be employees of the PMC and will be hired, supervised and terminated by the PMC. The Department shall have no responsibility or liability for employees or employee issues.

a. The direct cost of employing leasing and maintenance personnel will be reimbursed from the operating account as a normal operating expense and approval regarding these expenses will be approved in the management agreement and in the operating budget for the property. Such costs shall not include training, but shall include all salary and benefit expenses related to the employee including FICA, unemployment taxes and Workers Compensation costs.

5. PROPERTY MAINTENANCE AND ADMINISTRATION
The PMC will be responsible for conducting routine property inspections and managing and administering all routine maintenance, preventative maintenance and emergency maintenance concerns and issues within approved budget limitations for the efficient operation of the property as the Department may approve or require.
   a. The PMC will be required to bid or negotiate all maintenance contracts and agreements within approved budget limitations or as the Department may require; and,
   b. Bids shall be taken for all non-routine maintenance expenses and receive approval by the Department.

Further duties or requirements may include assisting the Department with obtaining appropriate insurance for the property or properties, making arrangements for the continuation of utilities and trash and telephone services, taking legal action to evict tenants or collect past due rents, implementing an accounting system or reporting method acceptable to the Department, helping to achieve and/or maintain a property tax exemption or assisting with the disposition of the property or properties after foreclosure.

III. PROPOSAL CONTENT

Proposals will be scored and evaluated based on the following minimum criteria:

A. Proposed Fee Structure
The preferred format for a fee structure is a percentage of effective gross income for each property managed and/or a monthly fixed dollar fee per unit under management. Please address fee structure for situations where there is little or no effective gross income available for payment of management fees.

B. Qualifications and Experience of Company and Key Personnel
   1. Minimum Qualifications **(Threshold Requirement):**
      a. A minimum of three years direct experience performing the services referenced in this RFP for affordable rental properties;
      b. Current membership in professional property management organizations such as Institute of Real Estate Management (IREM), Building Owners and Managers Association (BOMA), National Association of Realtors, etc.; and
      c. Professional certification, registration, and/or licensure from accredited organizations, or governmental regulatory agencies required to provide the services generally referred to or encompassed by this RFP, this includes any subcontractor as well if a license or permit is required to carry out any aspect of this RFP by applicable law;
      d. Description of any experience in fee management on workout properties.
   2. Corporate Experience:
   Corporate resume, detailed organizational and operational descriptions of the firm and an indication whether the firm has regional offices in Texas.
   3. Experience of Key Staff Members:
   Resumes of individual key staff members responsible for performing the duties described herein.

4. Financial Strength:
   Most recent fiscal year end audited financial statements.
5. Current List of Accounts:
   Complete list of accounts for which Property Management services are currently provided, with summary information for each account. Include the name of the client, the number of properties, the dates they managed the properties and units in each portfolio, what affordability programs, if any, are associated with the properties, a description of the services provided, and the period of time over which services have been performed.
6. References:
   Names, addresses, and telephone numbers of three references the Department may contact concerning your firm's performance as a property manager or property management company for affordable multifamily rental properties.

C. Proposed Management Plan and Agreement:
Your Proposed Management Agreement including a Management Plan or proposal identifying the services that the firm would provide, giving detailed explanations of how such services would be provided.

D. Operational Documentation and Data
1. Sample client reports
2. Service Audits:
   Copies of internal or external service audits that may have been performed in the last two years.

E. Identity of Interest **(Threshold Requirement):**
Disclose the nature of any interests your firm, its senior management or any related entities may have in any properties financed through the Department. Such interests may include, but would not necessarily be limited to, owning or managing a property, holding a debt or equity interest against a property, or providing loan servicing, monitoring, or other services for an owner, mortgagee or other party;

IV. AREAS SERVED

Specify areas or regions of the state that services will be provided by your firm.

V. RESPONSE TIME FRAME AND OTHER INFORMATION

Response Due: October 16, 2006 at 3:00 PM CST

It is the expressed policy of the Department that property management companies refrain from initiating any direct contact or communication with members of the TDHCA Board of Directors with regard to selection of firms relative to this RFP while the selection process is occurring. Any violation of this policy will result in disqualification of the proposal.

Form of Proposal: Each proposal shall include an original plus three additional copies printed on one side of standard 8 ½ by 11 inch paper. Each original and each copy shall contain a cover letter signed by an individual who is authorized to sign proposals and contract for the proposed services requested in this RFP. Below the authorized signature, the title or position that the person holds in the company must be indicated. The bid shall be organized and submitted alphabetically according to items "A" through "E" of Section III above titled "Proposal Content." Proposals should be delivered as follows:

David Burrell
Asset Management
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701
(For hand and overnight deliveries)

Or: P.O. Box 13941
Austin, TX 78711-3941
(If delivered by U.S. Postal Service)

VI. SELECTION CRITERIA

In accordance with state law, the Department will make its selection based upon the demonstrated competence, financial capability, experience, knowledge and qualifications of the PMC respondents, and on the reasonableness of the proposed fee for the services. The Department may select one or more Property Management firms based upon information received from respondents for this RFP with consideration given to such items as market areas served by respondents. The selection of a PMC in a given market area will be based upon the highest scoring firm in that market area. In the event there is a conflict of interest on a given property for the highest scoring firm in a given market area, then the next highest scoring firm without a conflict of interest will be selected. By this RFP, the Department has not committed itself to employ a PMC for any of the above-described services, nor does the suggested scope of services require that a property management company be employed for any of those purposes. The Department reserves the right to make those decisions after receipt of responses to this RFP, and the Department's decision on these matters is final.

In releasing this Request for Proposals, TDHCA shall not be obligated to proceed with any action pertaining to any proposals which are received, and may decide it is in the Department's best interest to refrain from continuing with the selection process. TDHCA reserves the right to negotiate individual elements of any proposal.

The scoring criteria and corresponding weights for the evaluation of submitted property management proposals based on the Proposal Content described in Section III above as follows:

A.	Proposed Fee Structure	30 Points
B.	Qualifications and Experience of Company and Key Personnel	35 Points

	1.	Minimum Requirements **(Threshold Requirement)**	
	2.	Corporate Experience	
	3.	Experience of Key Staff Members	
	4.	Financial Strength	
	5.	Current List of Accounts	
	6.	References	
C.		Proposed Management Plan and Agreement	20 Points
D.		Operational Documentation and Data	15 Points
	1.	Sample Client Reports	
	2.	Service Audits	
E.		Identity of Interest **(Threshold Requirement)**	0 Points
		Total Possible:	**100 Points**

The selection of a PMC by TDHCA pursuant to this RFP is only for the purpose of determining which firm may serve in the capacity of a PMC at such future time as the services of a PMC may become necessary. Selection of a PMC under this RFP does not guarantee or imply that any firm will receive an assignment to serve as a PMC in this regard. A firm may be offered an assignment to serve as a PMC for a specific property at the sole discretion of TDHCA.

VII. DEPARTMENTAL INFORMATION

The standard TDHCA Terms and Conditions of a bid are attached and all bid need to conform to these terms and conditions as well as those within this RFP. Additional Information regarding TDHCA may be obtained from David Burrell at TDHCA. All requests must be in writing and faxed to (512) 475-3746. All questions and responses will be made available to all applicants and will be subject to disclosure under the Public Information Law.

VIII. PUBLIC INFORMATION

All proposals shall be deemed, once submitted, to be the property of the TDHCA and subject to the Public Information Law, Chapter 552, Texas Government Code. Proprietary information: if a firm does not desire proprietary information in the proposal to be disclosed under the Public Information Law or otherwise, it is required to identify clearly (and segregate, if possible) all proprietary information in the proposal, which identification shall be submitted concurrently with the proposal. If such information is requested under the Public Information Law, the firm will be notified and given an opportunity to present its position to the Texas Attorney General, who shall make the final determination. If the firm fails to identify clearly proprietary information, it agrees, by the submission of the proposal, that those sections shall be deemed non-proprietary and made available upon public request after the contract is awarded.

IX. COST INCURRED IN RESPONDING

All costs directly or indirectly related to the preparation of a response to this RFP shall be the sole responsibility of and shall be borne by your firm.

TERMS AND CONDITIONS: ITEMS BELOW APPLY TO AND BECOME A PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING.

1. BIDDING REQUIREMENTS:

1.1 Bidders must comply with all rules, regulations and statutes relating to purchasing in the State of Texas in addition to the requirements of this form.

1.2 Bidders must price per unit shown. Unit prices shall govern in the event of extension errors.

1.3 Bids should be submitted on this form. Bids must be stamped at the Texas Department of Housing and Community Affairs (TDHCA) on or before the hour and date specified for the bid opening.

1.4 Late and/or unsigned bids will not be considered under any circumstances. Person signing bid must have the authority to bind the firm in a contract.

1.5 Quote F.O.B. destination, freight prepaid and allowed unless otherwise stated within the specifications.

1.6 Bid prices are requested to be firm for TDHCA acceptance for 30 days from bid opening date. "Discount from list" bids are not acceptable unless requested. Cash discounts are not considered in determining an award. Cash discounts offered will be taken if earned.

1.7 Bids should enter Texas Identification Number System (TINS) number, full firm name and address of bidder on the face of this form. Enter in the space provided, if not shown. Additionally, firm name should appear on each continuation page of a bid, in the upper right corner.

1.8 Bid cannot be altered or amended after opening time. Alterations made before opening time should be initialed by bidder or his authorized agent. No bid can be withdrawn after opening time without approval by TDHCA based on an acceptable written reason.

1.9 Purchases made for State use are exempt from the State Sales tax and Federal Excise tax. Do not include tax in bid. Excise tax Exemption Certificates are available upon request.

1.10 The State reserves the right to accept or reject all or any part of any kind, waive minor technicalities and award the bid to best serve the interests of the State.

1.11 Consistent and continued tie bidding could cause rejection of bids by TDHCA and/or investigation for antitrust violations.

1.12 The telephone number for FAX submission of bids is 1-512-475-2672. This is the only number that will be used for the receipt of bids. The state shall not be responsible for failure of electronic equipment or operator error. Late, illegible, incomplete, or otherwise non-responsive bids will not be considered.

1.13 Inquiries pertaining to IFBs must include the requisition, class/item codes, and opening date.

TERMS AND CONDITIONS: ITEMS BELOW APPLY TO AND BECOME A PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING.

2. SPECIFICATIONS:

2.1 Catalogs, brand names or manufacturer's references are descriptive only, and indicate type and quality desired. Bids on brands of like nature and quality will be considered unless advertised under Texas Government Code, Title 10, Subtitle D, Section 2155.067. If bidding on other than references, bid should show manufacturer, brand or trade name and other description of product offered. If other than brand(s) specified offered, illustrations and complete description of product offered are requested to be made part of the bid. Failure to take exception to specifications or reference data will require bidder to furnish specified brand names, numbers, etc.

2.2 Unless otherwise specified, items shall be new and unused and of current production.

2.3 All electrical items must meet all applicable OSHA standards and regulations, and bear the appropriate listing from UL, FMRC, or NEMA.

2.4 Samples, when requested, must be furnished free of expense to the State. If not destroyed in examination, they will be returned to the bidder, on request, at bidder's expense. Each sample should be marked with bidder's name and address, and requisition number. Do not enclose in or attach bid to sample.

2.5 The State will not be bound by any oral statement or representation contrary to the written specifications of this Invitation for Bids (IFB).

2.6 Manufacturer's standard warranty shall apply unless otherwise stated in the IFB.

3. TIE BIDS: Awards will be made in accordance with Rule 1 TAC Section 113.6 (b) (3) and 113.8 (preferences).

4. DELIVERY:

4.1 Show number of days required to place material in receiving agency's designated location under normal conditions. Delivery days means calendar days, unless otherwise specified. Failure to state delivery time obligates bidder to deliver in 14 calendar days. Unrealistic delivery promises may cause bid to be disregarded.

4.2 If delay is foreseen, vendor shall give written notice to TDHCA. Vendor must keep the TDHCA advised at all times of status of order. Default promised delivery (without accepted reasons) or failure to meet specifications authorizes the TDHCA to purchase supplies elsewhere and charge full increase; if any, in cost and handling to defaulting vendor.

4.3 No substitutions permitted without written approval of the TDHCA.

4.4 Delivery shall be made during normal working hours only, unless prior approval has been obtained from the TDHCA.

TERMS AND CONDITIONS: ITEMS BELOW APPLY TO AND BECOME A PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING.

5. INSPECTION AND TESTS: All goods will be subject to inspection and test by the State. Authorized TDHCA personnel shall have access to supplier's place of business for the purpose of inspecting merchandise. Tests shall be performed on samples submitted with the bid or on samples taken from regular shipment. All costs shall be borne by the vendor in the event products tested fail to meet or exceed all conditions and requirements of the specification. Goods delivered and rejected in whole or in part may, at the State's option, be returned to the vendor or held for disposition at vendor's expense. Latent defects may result in revocation of acceptance.

6. AWARD OF CONTRACT: A response to this IFB is an offer to contract based upon the terms, conditions and specifications contained herein. Bids do not become contracts until they are accepted through an open market purchase order. The contract shall be governed, construed, and interpreted under the laws of the State of Texas. The factors listed in Texas Government Code, Title 10, Subtitle D, Section 2155.074, 2155.144, 2156.007, 2157.003 shall also be considered in making an award when specified. Any legal actions must be filed in Travis County, Texas.

7. PAYMENT: Vendor shall submit an itemized invoice showing State order number and agency requisition number on all copies. The State will incur no penalty for late payment if payment is made in 30 or fewer days from receipt of goods or services and an uncontested invoice.

8. PATENTS OR COPYRIGHTS: The vendor agrees to protect the State from claims involving infringement of patents or copyrights.

9. VENDOR ASSIGNMENTS: Vendor hereby assigns to the TDHCA any and all claims for overcharges associated with this contract arising under the antitrust laws of the United States 15 U.S.C.A. Section 1, et seq. (1973) and the antitrust laws of the state of Texas, TEX. Bus. & Comm. Code Ann. Sec. 15.01, et seq. (1967).

10. BIDDER AFFIRMATION: Signing this bid with a false statement is a material breach of contract and shall void the submitted bid or any resulting contracts, and the bidder shall be removed from all bid lists. By signature hereon affixed, the bidder hereby certifies that:

10.1 The bidder has not given, offered to give, nor intends to give any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted bid.

10.2 Neither the bidder nor the firm, corporation, partnership, or institution represented by the bidder, or anyone acting for such firm, corporation or institution has violated the antitrust laws of this State or the Federal Antitrust Laws (see section 9, above) nor communicated directly or indirectly the bid made to any competitor or any other person engaged in such line of business.

10.3 Pursuant to Section 2155.004 Government Code, the bidder has not received compensation for participation in the preparation of the specifications for this IFB.

10.4 Pursuant to Section 231.006 (d), Family Code, re: child support, the bidder certifies that the individual or business entity named in this bid is not ineligible to receive the specified payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate.

10.5 Pursuant to Section 2155.004 Government Code, the bidder certifies that the individual or business entity named in this bid is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and/or payment withheld if this certification is inaccurate.

TERMS AND CONDITIONS: ITEMS BELOW APPLY TO AND BECOME A PART OF BID.
ANY EXCEPTIONS THERETO MUST BE IN WRITING.

10.6 The Contractor shall defend, indemnify, and hold harmless the State of Texas, all of its officers, agency and employees from and against all claims, actions, suits, demands, proceedings, costs, damages, and liabilities, arising out of, connected with, or resulting from any acts or omissions of contractor or any agent, employee, subcontractor, or supplier of contractor in the execution or performance of this contract.

10.7 Bidder agrees that any payments due under this contract will be applied towards any debt, including but not limited to delinquent taxes and child support that is owed to the State of Texas.

10.8 Bidder certifies that they are in compliance with section 669.003 of the Government Code, relating to contracting with executive head of a State agency. If section 669.003 applies, bidder will complete the following information in order for the bid to be evaluated:

Name of Former executive:____________________
Name of State Agency:____________________
Date of separation of State agency:____________________
Position with bidder:____________________
Date of Employment with bidder:____________________

10.9 Bidder agrees to comply with Government code 2155.4441 pertaining to service contract use of products produced in the State of Texas.

10.10 Contractor understands that acceptance of funds under this contract acts as acceptance of the authority of the state Auditor's Office, or any successor agency to conduct an audit or investigation in connection with those funds. Contractor further agrees to cooperate fully with the State Auditor's Office or its successor in the conduct of the audit or investigation, including providing all records requested. Contractor will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Contractor and the requirement to cooperate, is included in any subcontract it awards.

11. Pursuant to Section 231.006 (c), Family Code, bid must include name and Social Security Number of each person with at least 25% ownership of the business entity submitting the bid. Attach name & social security number for each person. This information must be provided prior to contract award.

12. NOTE TO BIDDER: Any terms and conditions attached to a bid will not be considered unless specifically referred to on this bid form and may result in disqualification of the bid.

13. The dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used by the Texas Department of Housing and Community Affairs and the contractor to attempt to resolve all disputes arising under this contract.

14. Information, documentation, and other material in connection with this solicitation or any resulting contract may be subject to public disclosure pursuant to Chapter 552 of the Texas Government Code (the "Public Information Act").

TERMS AND CONDITIONS: ITEMS BELOW APPLY TO AND BECOME A PART OF BID. ANY EXCEPTIONS THERETO MUST BE IN WRITING.

CHECK BELOW IF PREFERENCE CLAIMED UNDER RULE 1 TAC 113.8

(__) Supplies, materials, equipment, or services produced in TX/offered by TX bidders
(__) Agricultural products produced or grown in TX
(__) Agricultural products and services offered by TX bidders
(__) USA produced supplies, materials or equipment
(__) Products of persons with mental or physical disabilities
(__) Recycled motor oil and lubricants
(__) Energy efficient products
(__) Rubberized asphalt paving material
(__) Products made of recycled, remanufactured, or environmentally sensitive materials including recycled steel
(__) Products produced at facilities located on formerly contaminated property
(__) Products and services from economically depressed or blighted areas

By signing this bid, bidder certifies that if a Texas address is shown as the address of the bidder, bidder qualifies as a Texas Resident Bidder as defined in Rule 1 TAC 111.2

The Texas ID Number is the taxpayer number assigned and used by the Comptroller of Public Accounts of Texas. If this number is not known, complete the following:

Enter Federal Employer's Identification Number

		-							

Sole owner should also enter Social Security Number

			-			-				

BOND FINANCE DIVISION

BOARD ACTION REQUEST
August 30, 2006

Action Items

Presentation, Discussion and Possible Preliminary Approval of Single Family Mortgage Revenue Bonds, 2006 Series F and 2006 Series G and Junior Lien Single Family Mortgage Revenue Bonds, 2006 Series A for Program 68.

Required Action

Preliminary Approval of Single Family Mortgage Revenue Bonds, 2006 Series F and 2006 Series G and Junior Lien Single Family Mortgage Revenue Bonds, 2006 Series A for Program 68.

Background

TDHCA's annual volume cap allocation in 2006 for single family bonds equaled $170,687,761. Of this amount, TDHCA used $60 million in authority for its 2006 Mortgage Credit Certificate Program, leaving $110.7 million in unused authority. That remaining $110.7 million in authority was used for the 2006 Single Family Mortgage Revenue Bonds, Series C (Rita Gulf Opportunity Zone). In addition to the Series C Bonds, TDHCA dedicated $130.3 million from its Commercial Paper program to the issuance of its 2006 Series A and 2006 Series B Bonds. In total, the 2006 Series A, B & C Bonds generated $241 million in lendable proceeds. The Bond Finance Division has evaluated available proceeds from this recent bond issue. As of August 23, 2006, 81% or $195.7 million of the lendable proceeds have been purchased, or are in the pipeline to be purchased. If TDHCA's single family lending continues at this fast pace, Staff anticipates expending all statewide funds and the majority of Hurricane Rita Gulf Opportunity (GO) Zone funds, by October 2006.

TDHCA in its July 28, 2006 Board meeting approved a resolution authorizing staff to file an application with the Texas Bond Review Board for reservation of additional volume cap. On, August 15, 2006, TDHCA received $120 million of additional authority from the Texas Bond Review Board. Staff recommends using this additional authority in combination with available Commercial Paper funds to issue single family bonds for the purpose of making additional funds available for statewide assisted and unassisted mortgages and Rita Gulf Opportunity Zone assisted mortgages.

The recent high volume of TDHCA's single family loan demand can be attributed to the competitive rates created under the Department's 2006 Series A-E Bonds. Recall that these Series included i) $105.4 million Series C Rita GO Zone bonds which were purchased by Freddie Mac at rates that were at least 30 basis points below comparable bond rates, ii) $130 million of Series A and B bonds that were also purchased by Freddie Mac at very aggressive interest rate levels, and, iii) $47 million Series D and E refunding bonds which effectively provided a large subsidy to $241 million of new money mortgages. In combination, these factors permitted TDHCA to use a bond program that was 100% fixed rate.

As the Texas Housing Market continues to grow stronger and TDHCA continues to see record volume in purchases of its products, TDHCA would like to create a mortgage product for first-time homebuyers that will enable TDHCA to continue to generate mortgages at recent demand levels. The Department, however, does not have additional refundings to combine with its next bond program nor does it have zero percent funds available as it did with the last structure. In addition, given the large amount of Gulf Opportunity Zone Bonds that Freddie Mac has purchased in 2006 to date, from issuers in Texas, Florida, Mississippi, Alabama and Louisiana, Freddie Mac's participation in future bond issues is no longer certain. Therefore, staff believes that it is necessary to consider a bond structure for this new authority that will be comprised of *variable rate demand bonds swapped to a fixed rate* (currently expected to be 30% to 40%), and junior lien bonds (*variable rate demand bonds swapped to a fixed rate*) which will be issued to support the Department's down payment assistance program. The structure will also take out approximately $15.5 million in Commercial Paper Series A Notes. Outstanding Commercial Paper is limited to $200 million and the current balance outstanding is approximately $15.5 million. Staff believes that mortgage interest rates created under this structure will be competitive enough with the conventional market for the Department to continue to generate demand for its lending products. Staff will present to the TDHCA Board at its October 12, 2006 meeting a final structure for approval. Prior to that Board meeting, staff will communicate our need for funds to members of the Texas Bond Review Board and Texas Treasury Safekeeping and Trust Company so that funds can be made available on November 8, 2006. As we approach this date, Bond Finance will i) continue to monitor the market for potential participation of Freddie Mac in the TDHCA's anticipated Rita Zone Bonds, ii) monitor the capital markets for any changes to make adjustments that we feel are appropriate, and, iii) explain any proposed deviations from the current structure to the Board at the time.

Staff successfully incorporated TDHCA's first variable rate demand bonds (VRDB) and an interest rate swap for 30% of the transaction total in March of 2004 with UBS as the Underwriter. Subsequently, TDHCA has issued VRDBs with swaps for 40% of the transaction total in October 2004 with Piper Jaffray as Underwriter and 100% of the transaction total in April 2005 with Bear Stearns as Underwriter.

The table below reflects several structuring options available under current market conditions.

Scenario *	**1**	**2**	**Point of Reference**
Bond Structure	**100% Fixed Rate Bonds**	**70% Fixed Rate Bonds, 30% Variable Bonds**	**Program 66 $241 million**
Unassisted Mortgage Rate	6.10%	5.70%	5.625%
Assisted Mortgage Rate	6.60%	6.20%	6.125%
Assisted Rita GO Zone Mortgage Rate	6.35%	5.95%	5.875%

* Preliminary, subject to change.

The current market mortgage rate for a Texas FHA mortgage loan with two points equals 6.40%. Program 68's mortgages will be securitized and will be marketed to very low, low and moderate income residents of Texas. If authorized, the bonds are expected to be sold in October and the bond closing will occur approximately three to four weeks subsequent to the bond pricing.

Continuing with the senior manager rotation plan, Bond Finance recommends UBS Securities LLC as senior manager for this issuance of TDHCA's additional 2006 state private activity bond authority. In keeping with TDHCA's policy of rotating firms in the co-senior and co-manager pool, Bond Finance recommends the following firms and roles for this transaction:

Firm	Role
Lehman Brothers	Co-Senior
Bank of America Securities LLC	Co-Manager
Loop Capital Markets, LLC	Co-Manager
Merrill Lynch & Co.	Co-Manager
Morgan Keegan & Company, Inc.	Co-Manager

In the bond market, a syndicate of bankers is needed to market the structure. The number of bonds sold dictates the number of co-managers needed at the time of pricing. With TDHCA's structures over $100 million, a pool of bankers including the senior underwriter, co-senior and four co-managers are necessary to successfully market the bonds.

Recommendation

Preliminary Approval of Single Family Mortgage Revenue Bonds, 2006 Series F and 2006 Series G and Junior Lien Single Family Mortgage Revenue Bonds, 2006 Series A for Program 68.

Transaction Overview

Program Designation	Program 68
Bond Indenture	Single Family Mortgage Revenue Bond Indenture
2006 Additional Private Activity Bond Authority	$120,000,000
Commercial Paper Series A Notes (Prepayment Recycling)	$ 15,500,000
Junior Lien Bonds	$ 4,500,000
Total Program 68 Issuance	$140,000,000
2006 Single Family Series F (Statewide)	$ 68,785,000
2006 Single Family Series G (GO Zone)	$ 71,215,000
Statewide Assisted Funds	$ 21,360,000 (Very Low Income Reservation 60% AMFI for One Year)
Statewide Unassisted Funds	$ 47,425,000
Hurricane Rita GO Zone Assisted Funds	$ 21,364,500 (Very Low Income Reservation 60% AMFI for One Year)
Hurricane Rita GO Zone Assisted Funds	$ 49,850,500
Total Approximate Lendable Proceeds	$140,000,000
Very Low Income Reservation (1 year - 30% of 2006 Series F and Series G Lendable Proceeds)	$ 42,724,500
Down Payment Assistance (%)	5% (For Very Low Income Reservation and GO Zone)
Possible Single Family Refunding Candidates	None
Approximate Refunding Amount	None
Total Tax-exempt Issuance Amount	$140,000,000

Transaction Timetable *

Activity	Key Dates
TDHCA Preliminary Approval	August 30, 2006
TDHCA Approval Date	October 12, 2006
Submit Request to Bond Review Board for Hearing Waiver	October 13, 2006
Pricing Window	October 16-17, 2006
Pre-Closing/Closing Dates	November 7-8, 2006

* Timetable preliminary and subject to change

Mortgage Pipeline Information

Current lendable proceeds in existing programs as of August 23, 2006

Program Number	Current Allocation	Rate	Committed/ In Pipeline	Loans Purchased	Uncommitted Allocation
61	175,865,983	4.99%-5.50%	7,831,233	167,957,616	77,134
62	71,600,000	4.99%	6,186,934	65,413,066	0.00
62A	101,764,092	4.99%	12,191,746	89,288,991	283,355
66	241,384,473	5.625% 5.875% 6.125%	177,230,471	18,422,137	45,731,865
TOTAL:	$590,614,548		$203,440,384	$341,081,810	$46,092,354

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
AUGUST 30, 2006

Action Items

Request approval of a one-year contract extension for Countrywide Home Loans, Inc., to serve as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Required Action

Approve a one-year extension for Countrywide Home Loans, Inc., as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Background and Recommendations

Summary
In August 2004, the Single Family Finance Production staff developed a Request For Proposal ("RFP") to solicit responses from loan servicing companies to act as Master Servicer for a period of two years under the Department's Single Family Mortgage Revenue Bond ("MRB) Program with the discretion to renew and extend the Agreement at the end of the two-year term under three annual options for an additional one-year term. On October 14, 2004, staff recommended and the Board approved the selection of Countrywide Home Loans, Inc., as Master Servicer for the Single Family Mortgage Revenue Bond Programs. If approval of the extension is granted, this will be the first annual option exercised under this contract.

Under their current contract, Countrywide has been the servicer on Programs 62 & 62A and the recently released Program 66. In addition to meeting all of the requirements of the original request for proposal, Countrywide has a superior internet registration/allocation monitoring system and offers access to homebuyer counseling services at no charge through their "House America Counseling Centers". In addition, they offer superior lender training, superb customer service and encourage and train mortgage brokers to participate in our programs. Countrywide operates 100 retail branch offices statewide, many of which participate in our program. They also maintain a database of over 85 subordinate lien mortgage programs in the State of Texas, which can be used in conjunction with our MRB program.

Recommendation
Staff requests approval of a one-year extension for Countrywide Home Loans, Inc. as Master Servicer for the Single Family Mortgage Revenue Bond Program.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
August 30, 2006

Action Item

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

Requested Action

The Board is requested to approve or deny the requests for amendments below.

Background and Recommendations

§2306.6712, Texas Government Code, classifies some changes as "material alterations" that must be approved by the Board. The requests presented below include material alterations. The code indicates that the Board should determine the disposition of a requested amendment if the amendment is a material alteration, would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

Limitations on the Approval of Amendment Requests

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board's purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

HTC No. 05179, The Villages at Huntsville

Summary of Request: The owner requests approval to reduce the number of buildings from twenty to thirteen and change the utility service from gas and electricity to electricity only. The townhouse style of the development, garages, net rentable area and common area will not change. The parking will increase by a total of sixteen uncovered spaces. The changes are proposed to meet constraints on the construction budget.

Governing Law:	§2306.6712, Texas Government Code. The code states that a significant modification of the site plan is a material alteration.
Owner:	Essex Villages, L.P.
General Partner:	Tejas Housing II, Inc., Managing GP; Eagle River Builders, Inc., Co-GP
Developers:	Tejas Housing & Development, Inc.
Principals/Interested Parties:	R.J. Collins (Tejas) and Juan Menchaca (Eagle River)
Syndicator:	Raymond James
Construction Lender:	Stearns Bank
Permanent Lender:	Monarch Financial
Other Funding:	City of Huntsville ($73,073, waiver of tap fees)
City/County:	Huntsville/Walker
Set-Aside:	General Population
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population

Units:	73 HTC units and 3 market rate units
2005 Allocation:	$589,000
Allocation per HTC Unit:	$8,068
Prior Board Actions:	7/05 – Approved award of tax credits
Real Estate Analysis:	The amendment request would not change the underwritten amount
Staff Recommendation:	**Staff recommends approving the request. The change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

HTC No. 04255, Freeport Oaks

Summary of Request: The owner requests approval to change the number of residential buildings from ten to eight. The plan of the clubhouse would also change, decreasing the size from 3,169 to 2,575 square feet. The changes would not alter the sizes of the units and the same bedroom to bathroom ratios would exist for each unit type. The bedroom mix of the units would change slightly, increasing the three bedroom units by one and decreasing the two bedroom units by one. The total net rentable area would therefore increase from 99,800 to 100,040 square feet.

The owner stated that the changes resulted from the departure of key experienced personnel in the organization of the original architect and higher than budgeted costs for the architectural plans. Therefore, the original architect was replaced. The new plans are said to be superior to the original plans because of the increases in green space, decreases in the paved area and improvements in traffic flow. The applicant requested a waiver of the $2,500 amendment request fee.

Governing Law:	§2306.6712, Texas Government Code. The code states that a significant modification of the site plan, or a modification of the number of units or bedroom mix of units are material alterations.
Owner:	Freeport Oaks, LP
General Partner:	Freeport Oaks Partners, LLC
Developers:	Kilday Partners, LLC
Principals/Interested Parties:	Les Kilday, R.R. Kilday, Dianne Kilday
Syndicator:	MMA Financial, LLC
Construction Lender:	Bank of America
Permanent Lender:	MMA Financial
Other Funding:	Bozrah International Ministries Grant ($37,000)
City/County:	Freeport/Brazoria
Set-Aside:	General Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	80 HTC units and 20 market rate units
2004 Allocation:	$639,213
Allocation per HTC Unit:	$7,990
Prior Board Actions:	7/05 – Approved award of tax credits
Underwriting Reevaluation:	To be determined
Staff Recommendation:	**Staff recommends approving the amendment request and denying the request to waive the amendment fee. The change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

HTC No. 05195, San Gabriel Senior Village

Summary of Request: The owner requests approval to: (1) change the number of buildings from seventeen to five (the five buildings are contiguous and effectively form one building) with corresponding changes in the unit sizes; (2) substitute a swimming pool for the perimeter fence and controlled access gates that were proposed; (3) change the utility structure to "all bills paid by owner"; and (4) change the ownership structure to include a community housing development organization (CHDO) as the general partner, instead of the Historically Underutilized Business (HUB) as originally proposed. The owner stated that the changes are desirable for the following reasons:

1. Numerous oak trees on the development site are protected by the City of Georgetown's development code and a commitment from the developer to the Heart of Georgetown neighborhood organizations that trees would be preserved to the greatest extent possible.
2. Location of the site above the Edward's Aquifer required a larger and deeper than typical storm water detention pond.
3. Construction cost increases have made the development financially infeasible as originally proposed. The cost increases have been caused by:
    a. subsurface rock conditions that impacted the cost of excavation and installation of utilities;
    b. special features that were required for the detention pond because the site is located above the Edwards Aquifer;
    c. 700% increase in the price of copper since the time of application, affecting the costs of plumbing, electrical and HVAC;
    d. 100% increase in the price of drywall over the last 12-18 months;
    e. substantial increases in the prices of concrete and lumber;
4. Changing the ownership would decrease the property taxes and support the development's financial feasibility.

Regarding cost increases, the owner expects an 84% increase in site costs, and 17% in other construction costs. The owner's current estimate of total development costs is $11,064,694. The development was underwritten by the Department at $9,016,114, approximately 23% less than the owner's estimated development cost under the new one-building proposal. The net rentable area of the development would not change significantly, decreasing by 418 square feet or approximately half of one percent. The sizes of some units would change but neither the bedroom and bathroom mix nor the income targeting would change.

With the exception of the ownership change, the changes proposed would not have affected the scoring of the application. However, the representation in the application that a HUB would be the majority general partner scored two points. Although the two HUB points would not have been awarded under the ownership structure now proposed, the loss of these two points would have decreased the application's score to 179. The subject application would have received an award of tax credits even without the two points that were scored for the HUB participation.

Governing Law:	§2306.6712, Texas Government Code. The code states that a significant modification of the site plan, and a modification of the number of units or bedroom mix of units are material alterations.
Owner:	DDC San Gabriel Senior Village, Ltd.
General Partner:	DDC Operations, LLC
Developers:	DDC Residential, Ltd.
Principals/Interested Parties:	Leslie Holleman (51% of GP); Colby Denison (49% of GP)
Syndicator:	MMA Financial, LLC

Construction Lender:	JPMorganChase Bank
Permanent Lender:	JPMorganChase Bank
Other Funding:	City of Georgetown pre-development loan ($360,000)
City/County:	Georgetown/Williamson
Set-Aside:	Elderly Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	100 HTC units
2005 Allocation:	$712,154
Allocation per HTC Unit:	$7,122
Prior Board Actions:	7/05 – Approved award of tax credits
Compliance Review:	The proposed new member of the owner is acceptable.
Underwriting Reevaluation:	To be determined
Staff Recommendation:	**Staff recommends approving the requests. The changes requested would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

<u>HTC No. 00056, The Woodlands</u>

<u>Summary of Request</u>: The owner requested the Department's approval or acceptance of differences and inconsistencies between the development as proposed and as built. The issues were cited in conjunction with the Department's inspection of the finished development as items needing additional explanation or corrective action. Having read the owner's explanations, staff reviewed the application and cost certification packages.

The reasons for the current request are reflected by the history of the property's management and a major shift in the Department's evaluation of the product delivered. The original managing general partner True Avenue, LLC, was removed by the syndicator, Columbia Housing, and the co-general partner, RPD Housing, LLC, withdrew. West Cardinal Development, LLC (Sally Gaskin) was installed as the sole general partner, to correct the development's deficiencies with respect to both the application and operations. In the fall of 2001, problems increased as statute increased the stringency of evaluating the final development versus the development originally proposed. In 2000 and for most of 2001, changes in a development's features were evaluated primarily or even exclusively, in terms of scoring and Threshold requirements. Features that were represented in the application in excess of the minimum features needed to satisfy Threshold and scoring requirements were commonly not considered to be necessary for final approval of the completed development. The final cost of a development in comparison to the cost originally estimated frequently overrode considerations about the features. The Department's findings about the items currently at issue are discussed below.

<u>12 SEER AC</u> was substituted with 10 SEER AC however ceiling fans were installed to make up the loss of points.

<u>Public telephone</u> was removed due to an increase in criminal activity.

<u>Monitored security</u> the owner proposes to delete the monitored security system due to an administrative error when completing the application. The checkbox for the monitored security was checked in error.

<u>Controlled access gate</u> a full perimeter fence was installed however the access gate was not installed do to high maintenance. The only access to the property is in view of the on-site police substation located in the clubhouse. The owner hires additional security when needed.

<u>Commercial kitchen</u> was substituted with a full residential kitchen which appears to be the intention in the application.

<u>Picnic areas</u> the owner requests the picnic tables located in the common pool area meet the picnic area requirement because this area is fully lighted and more safe then the other areas of the development. This decreases the potential for illegal activity.

Governing Law:	§2306.6712, Texas Government Code. The code states that a material alteration is any modification considered significant by the board.
Owner:	West Cardinal 140, L.P.
General Partner:	West Cardinal Development, L.L.C.
Developer:	Columbia Housing SLP Corporation
Principals/Interested Parties:	Sally Gaskin (GP)
Syndicator:	Columbia Housing/PNC Institutional Fund
Construction Lender:	PNC Bank
Permanent Lender:	PW Funding, Inc.
Other Funding:	NA
City/County:	Beaumont/Jefferson
Set-Aside:	General Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population

Units:	105 HTC units and 35 market rate units
2000 Allocation:	$900,353
Allocation per HTC Unit:	$8,575
Prior Board Actions:	7/00 – Approved award of tax credits
Underwriting Reevaluation:	To be determined
Staff Recommendation:	**Staff recommends approving the request with the condition that the owner install the controlled access gates or a substitute feature of equivalent value and utility, and that the Board authorize staff to determine the issue of equivalency and install a 911 phone on the property. The change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

HTC No. 05179

ESSEX VILLAGES LP

8455 Lyndon Lane
Austin, TX 78729
Office (512) 249-6240 Fax (512) 249-6660

2:15pm

RECEIVED
JUL 2 1 REC'D
Multifamily Finance Division

July 20, 2006

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

Re: Application Amendment for TDHCA 05179, The Villages at Huntsville

Dear Mr. Gerber,

According to 50.17(d) Amendment of Application Subsequent to Allocation by Board of the 2006 QAP, Essex Villages LP, owner of TDHCA 05179, The Villages at Huntsville, is submitting an Application Amendment for approval. The amendments are designed to help the development meet budget construction costs.

The Villages at Huntsville will continue to be 76 townhomes with garages and a clubhouse. Amendments include electric utilities instead of gas, 13 buildings instead of 20 buildings, and changes in the site although the acreage remains the same. A new survey and site plan are enclosed. The amenities remain the same, except for the addition of 16 uncovered parking spaces. This addition changed the number of uncovered parking spaces from 78 to 94.

Enclosed is the Application Amendment with the following documents from the 2006 Application Forms:

Volume 1, Tab 1, Parts A, B and C
Volume 1, Tab 2, Parts A through G
Volume 1, Tab 3, Parts A, B and C
Volume 1, Tab 4, Parts A and B, including Financing Participant letters and construction promissory note
Volume 2, Tab 1, Current Address
Volume 2, Tab 2, Legal Description
Volume 2, Tab 3, Map
Volume 2, Tab 4, Site Plan
Volume 3, Tab 1, Parts A1 and A2, Site Plan, Elevations and Floor Plans, Survey
Volume 3, Tab 1, Part B, Specifications and Amenities
Volume 3, Tab 1, Part C, Common Amenities

Please let us know if we can provide anything further. Thank you for this opportunity.

Sincerely,

R. J. Collins
President of General Partner

RECEIVED
JUL 2 1 2006
COMPLIANCE

HTC No. 04255

KILDAY
REALTY
CORP.

June 8, 2006

RECEIVED
JUN 09 REC'D
Multifamily Finance Production

Mr. Ben Sheppard
Multifamily Housing Specialist
Texas Department of Housing & Community Affairs
221 East 11th
Austin, Texas 78701

Re: Request for Amendment to Freeport Oaks Apartments, HTC Application #04255

Dear Mr. Sheppard:

Please accept this letter as the formal request for amendment to Freeport Oaks Apartments, HTC Application #04255.

In our original application, the architectural site plan showed 10 residential buildings. The current architectural site plan, as built, shows 8 residential buildings.

Our original architect for this development was EDI Architects. Due to two unforeseen issues, we decided to change architects to Jim Gwin Architects. First, from the time that the original Application was submitted to the time the tax credit allocations were made, EDI went through a number of personnel changes. Most of the personnel we had dealt with were no longer employed by EDI. This caused a lack of multifamily expertise at EDI (the majority of EDI's architectural work is commercial in nature…mid-rise and high-rise structures). Second, EDI's pricing for the full architectural plans was significantly higher than we had budgeted.

Due to these issues, we decided that changing architects was the best course of action to take. Jim Gwin presented us with a site plan that was much more attractive than the original site plan. His plan called for only 8 residential buildings. This change afforded us a better space-planned site with more green area, less concrete and better traffic flow (see attached site plans).

From our past experience, we did not believe that decreasing the number of residential buildings (as we did) would require an amendment. We believe that the change made was actually beneficial to the development moving forward and in no way affects the development in a negative manner. While the change certainly altered the Development, we do not believe that the alteration was 'material' enough to warrant the $2,500 fee. We have enclosed the check per your guidance, but respectfully request that the $2,500 fee be waived in light of our specific circumstances.

If you have any questions regarding our request, or need us to furnish any other information, please contact me at 713-914-9400.

Thank you for considering our request.

Sincerely,

Les Kilday
Vice President, Kilday Realty Corp.

5005 RIVERWAY SUITE 330 HOUSTON, TEXAS 77056 (713) 914-9400 FAX (713) 914-9439

HTC No. 05195

REVISED

Denison
DEVELOPMENT & CONSTRUCTION

July 5, 2006

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

Re: REVISED - Request for Amendment to LIHTC #05195, San Gabriel Senior Village Apartments of Georgetown

Dear Ben:

On behalf of the Project Partnership, DDC San Gabriel Senior Village, Ltd., we are writing to request the Department's consideration of the following application amendments:

1.) Change the number of Buildings from 17 Buildings to 5 Buildings. (Please note the 5 buidings combine to make up one large contiguous structure)

APPLICATION BUILDING TYPE	QUANITY	AMENDMENT BUILDING TYPE	QUANTITY
Type 1	9	Type 3-A	2
Type 2	7	Type 3-B	2
Club	1	Club	1

We are requesting to amend the number of buildings on our site because:

(1) The existence of a large quantity of protected Oak trees under the City of Georgetown's development code prevents us from developing the original site plan submitted with our Application;
(2) Our commitment to the Heart of Georgetown Neighborhood that we would endeavor to protect all trees, and
(3) Construction cost inflation makes it financially infeasible to build the original plan. The site sits on the Edwards Aquifer requiring a larger and deeper than normal detention and water quality pond.

The primary reasons for the higher than expected construction costs are (1) rock subsurface conditions that resulted in a high cost of excavation and installation of site utilities, (2) "wet" type water quality pond design (Edwards Aquifer), (3) 700% increase in the price of copper which affects all mechanical system budgets (Plumbing, Electrical and HVAC, (4) 100% increase in the cost of drywall material over the last 12-18 months, and (5) large increases in the cost of lumber and concrete.

HTC No. 05195

REVISED

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We've included the new building plans (site plan, building plans, unit plans and data sheet) for your review. Despite the more cost effective nature of building one large building when compared with the cost of seventeen smaller buildings, the material and labor cost increases across the State have offset these efficiencies.

Below, please find a comparison of our construction cost from the application to this amendment.

	Application	Amendment	$ Change	% Change
Site Cost	$ 745,631	$1,370,500	$624,869	84%
Direct Construction Cost	4,269,802	4,287,97	$17,595	0%
Other Construction Costs	952,932	1,114,603	$161,671	17%
TOTAL	$5,968,365	$6,772,500	$804,135	13%

2.) Change the General Partner of DDC San Gabriel Senior Village, Ltd. to a 501c3 non-profit entity.

Because of rising interest rates and higher development costs, we are requesting to change to a non-profit (CHDO) structure in order to achieve a 50% reduction in ad valorem property taxes. Crossroads Housing Development Corporation will serve as the sole member of DDC SGSV GP, LLC, and DDC SGSV GP, LLC will in turn serve as the General Partner for DDC San Gabriel Senior Village, Ltd. We have included a revised organizational chart for your review.

Operating Proforma:

Rent Schedule: The rent schedule reflects the proposed unit mix adjusted for recently released rent and income levels effective for 2006. Cable Income (and cable expense) reflects a Bulk Service Agreement executed with Suddenlink Communications providing for the purchase of cable on all 100 units at a flat rate of $18 per unit per month. We expect the cable will be re-sold through the Development for $35 per month. We assume an 85% participation rate for income underwriting purposes.

Utility Allowances: Based on Utility Allowance Sheet with rates received in 2006, tenants pay items including electricity, heating and cooling,

Operating Expenses:

Management Fees: per executed Management Agreement with UAH Property Management
Payroll: Manager, Maintenance and Assistant will be hired at budget stated herein.
Cable Expense: per executed Bulk Service Agreement with Suddenlink Communications
Insurance: per Management Company's portfolio rate with Frost Insurance Agency
Property Taxes: Assessed value estimated by evaluating other tax credit properties in Georgetown and adjusting for square footage. Assumes a 50% reduction for a CHDO.
Other Operating Expenses: per the 2007 budget prepared by UAH Property Management
Debt Service: per executed loan commitment from JP Morgan Chase.

3.) Change the Full Perimeter Fencing with Controlled Access Gate Amenity to a Pool.

We are asking to substitute a pool for the perimeter fence with gate requested in our Application. The City of Georgetown's Unified Development Code does not allow for a gate. These two items scored the same number of

HTC No. 05195

REVISED

Denison
DEVELOPMENT & CONSTRUCTION

points in the amenities section of the application and therefore would not have affected the competitiveness of the application.

> ***City of Georgetown Unified Development Code Sec. 8.04.065. Gated Areas and Communities.***
>
> *Chapter 6 of the Fire Prevention Code adopted in this chapter is amended by adding thereto Section 602.6.5.1 as follows:*
>
> *Excepting individual single-family residences, Gates or other barriers that restrict access to areas of residential usage are prohibited, including, but not limited to, subdivisions, apartments, rooming houses, dormitories, hotels motels, or any structure used as a domicile or for sleeping purposes.*
>
> *Gates or restricted access to areas of commercial or industrial use shall be permitted if it is determined by the authority having jurisdiction that, it poses no threat to the occupants of the area to be gated, or to the responders in the event of an emergency.*

4.) Change tenant paid water and wastewater to project paid water and wastewater.

Finally, we are asking to change the utility structure of our project to have the project owner pay all water and wastewater for the project instead of the tenants paying for their own water and wastewater. We are requesting this change in order to achieve further cost savings on individual meters and subsequent impact fees payable to the City of Georgetown.

CONCLUSION

We have enclosed our draft 10% Test documentation reflecting our expenditures to date of $1,633,482 or $1,387,434 not including the Developer Fee demonstrating that we have expended substantial moneys thus far. What these expenditures and our due diligence have taught us is that these amendments to our application will serve to help offset the negative affects of cost increases.

We believe the enclosed documentation shows the programmatic consistency as well as the economic feasibility of the amendment request, and respectfully request TDHCA approval. If you have questions or need additional information please contact me at (512) 732-1226.

Sincerely,

DDC San Gabriel Senior Village, Ltd.

Colby Denison
Managing Member of the General Partner

HTC No. 00056

West Cardinal 140, L.P.
1800 Bering Drive, Suite 501
Houston, Texas 77057
Ph: (713) 334-5514
Fax: (866) 793-5910

July 15, 2006

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

RE: The Woodlands Apartments, TDHCA File #00056
Amendment to Application

Dear Mr. Sheppard:

West Cardinal 140, L.P., would like to amend its tax credit application. The number of units, unit mix, income targeting will not change. The amendments are necessary to correct the differences between the original application and the development as constructed. Please note that the current general partner, West Cardinal Development, L.L.C., was substituted on January 1, 2005 which was approximately 2 years after construction completion. The reasons for and/or circumstances leading to the differences between the original application and the development as constructed are not known to the current general partner. The requested amendments are as follows:

1. **Unit Amenities-Energy Saving Devices, Exhibit 204**:
   Per Application: Energy efficient air-conditioning system with 12 SEER or above rating.
   Per Amendment: Ceiling fans in living room and each bedroom
   Explanation: Air conditioning systems actually installed are 10 SEER. Exhibit 204 of the 2000 LIHTC application includes ceiling fans in the living room and each bedroom as one of the eight (8) available energy saving device options. All options had equal value. The ceiling fan option was not selected in the original application. Ceiling fans have been installed in each living room and all bedrooms. (See picture of ceiling fans which are installed in all living rooms and bedrooms enclosed.)

2. **Common Amenities-Monitored Security:**
   Per Application: Monitored Security was marked as one of 22 possible On-Site Amenities in Section 16 of the Application. (No points were associated with Section 16.)
   Per Amendment: Delete Monitored Security, no replacement.

Explanation: The current general partner has no explanation for why the Monitored Security box was checked as one of the On-Site Amenities other than to assume it was done in error. The Woodlands was not designed to accommodate monitored security, and, even if it had been designed and installed, the development would not have the financial ability to afford to operate it. It is for these reasons we request that this amenity be approved for deletion.

3. **Common Amenities-Picnic Areas**:
   Per Application: Picnic Area was marked as one of 22 possible On-Site Amenities in Section 16 of the Application. (No points associated were with Section 16.)
   Per Amendment: Delete Picnic Area, no replacement.
   Explanation: The Woodlands offers tables for outside eating and recreation within the fenced and lighted pool area. These tables are available to the residents 24 hours per day. The Woodlands is a family development with all 2 and 3 bedroom units. The property is working diligently to discourage adolescent, teen and young adult loitering and vandalism in the late evening/early morning hours, particularly during the summer months. The property has a furnished police substation on site and periodically hires additional security to contain mischief. The owner and property management feel strongly that picnic areas on the grounds outside of the lighted and fenced pool area would become a late night gathering spot that would not have a positive influence on the resident community as a whole. It is for this reason we request that this amenity be approved for deletion. (See picture of tables in lighted and fenced pool area).

4. **Common Amenities-Commercial Kitchen**:
   Per Application: Commercial Kitchen was marked as one of 22 possible On-Site Amenities in Section 16 of the Application in error. Residential Kitchen should have been marked. (No points were associated with Section 16.)
   Per Amendment: Delete Commercial Kitchen and replace with Residential Kitchen.
   Explanation: The community center is equipped with a residential-type kitchen and appliances for social and holiday parties for the residents. While the current general partner has no first hand knowledge of the original intent, it is apparent that the kitchen facility was not designed for regular meal preparation. In addition, regular meal preparation is not common on family properties. Therefore, it is the current general partner's assumption that the box for Commercial Kitchen was marked in error, and the Residential Kitchen should have been marked instead. (See picture(s) enclosed.)

5. **Common Amenities-Controlled/Limited Access Gate**:
   Per Application: It appears that Limited Access Gate was marked as one of 22 possible On-Site Amenities in Section 16 of the Application in error. (No points were associated with Section 16.)
   Per Amendment: Delete Limited Access Gate; no replacement.
   Explanation: While the current general partner has no knowledge or explanation for why the Limited Access Security Gate box was checked as one of the On-Site Amenities, it believes that an error was made based on the fact that

Exhibit 101 contained a similar amenity described as "full perimeter fencing with controlled gate access" which was not one of the selections made for that exhibit. Exhibit 101 was an exhibit for which the applicant received points and, as such, is believed to be generally a better indication of intent, which supports the assumption that the box for Limited Access Security Gate was marked in error.

6. **Common Amenities-Public Telephones, Exhibit 101**:
Per Application: Public Telephone available to residents 24 hours a day was selected as one of four required Common Amenities for points. It was also marked as on of the On-Site Amenities included in Section 16 of the Application.
Per Amendment: Delete Public Telephone; no replacement.
Explanation: Exhibit 101 requires that 4 amenities be selected for maximum points. The original application made 5 selections. Public telephones have been found to facilitate numerous undesirable activities including loitering, vandalism and even drug dealing within apartment communities. As such, public telephones are not recommended by the Texas Apartment Association. Instead, the Woodlands installed an emergency-only telephone outside the development office, near the pool, allowing free emergency calls to 911 twenty-four hours a day. As mentioned in Response #3 above, The Woodlands has experienced problems with adolescent, teen, young adult loitering and vandalism, particularly during the summers. The owner and property management feel strongly that a public telephone would create unnecessary problems within the development and negatively impact the quality of life for the resident community overall. (See picture(s) enclosed)

Thank you for your consideration and approval of the requested changes. Should you have any questions, please contact me at 713-882-3233 or at sally@sgiventures.net .

Sincerely,
West Cardinal 140, L.P.
By: West Cardinal Development, L.L.C., its general partner

By: Sally Gaskin

Sally Gaskin, Manager

CC: Mr. Kimbal Thompson
Mr. Gavin Reed

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

MULTIFAMILY FINANCE PRODUCTION DIVISION

2006 Variable Rate Demand Multifamily Housing Revenue Refunding Bonds

Red Hills Villas
1401 A W Grimes
Round Rock, Texas

South Creek Housing, Ltd.
168 Units
$5,015,000 – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of the Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds Series 2006 for the Red Hills Villas.

Requested Action

Approve, Amend or Deny with Amendments the refunding of Red Hills Villas.

Background and Financial Summary

The bonds for the Red Hills Villas were originally issued through TDHCA in December of 2000. The original tax-exempt bond amount was $9,900,000 and taxable bond amount was $400,000. The bonds were privately placed with CharterMac Municipal Mortgage for a term of forty years with a fixed interest rate of 7.4% on the tax-exempt bonds and 9.5% on the taxable bonds. Round Rock and the surrounding Austin apartment market area suffered from an oversupply of Class A apartment developments shortly after this property placed in service. There were job losses in the high tech industry following September 11th and a flight of apartment tenants to single family home ownership due to low interest rates. Occupancy and rental rates, especially market rate properties, plummeted to competing level with affordable properties. The Development has not been able to generate sufficient cash flow on a consistent basis to pay existing debt service which has been paid by the Development owner to keep the property from going into default. The current market is gaining economic strength and market rates are beginning to rise to meet demand.

Because of these circumstances the applicant is requesting the Department's approval to refund (in essence, refinance) the existing fixed rate, private placement structure with a variable rate demand, publicly offered structure in an amount not to exceed $5,015,000 with an estimated amortization rate of 5.25% with a 6.00% rate cap. The lower interest rate and lower debt will allow the development to meet the debt service obligation. The general partner will contribute $4,748,341 as a subordinated cash loan that will be repaid with cash flow after the deferred developer fees are paid and will be combined with the refunded amount of $5,015,000 to payoff the existing bond amounts of $10,142,900. The appraised value of the property is $6,364,934. The bonds will be credit enhanced by Fannie Mae with a AAA rating. CharterMac Mortgage Capital (Fannie Mae DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 amortized over 30 years.

Recommendation

Staff recommends the Board approve the Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds Series 2006 the Red Hills Villas because of the reduction in the serviceable debt due to the redemption of outstanding bonds, cash equity provided by the partnership, reduction is interest rate, equity position in the debt structure, financial feasibility and Fannie Mae credit enhancement.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT: Red Hills Villas, Round Rock, Williamson County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2006

BACKGROUND: In May 2000, the Department issued Multifamily Housing Revenue Bonds Series 2000 (Red Hills Villas), in the aggregate principal amount of $10,300,000 in order to finance the costs of acquiring, constructing, and equipping a multifamily rental housing development located in Round Rock, Texas. The Series 2000 Bonds were privately placed with CharterMac Municipal Mortgage with a fixed interest rate of 7.4% with an amortization of forty years. The Development has not been able to generate sufficient cash flow for the existing debt service. The Applicant proposes to refund the 2000 Series Bonds with an issuance of new bonds with a variable rate of interest, credit enhanced with Fannie Mae with an anticipated AAA rating on the Bonds.

BOND AMOUNT: $5,015,000 Series 2006 Tax Exempt bonds (*)
$5,015,000 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 anticipated closing date is September 12, 2006.

BORROWER: South Creek Housing, Ltd., a Texas Limited Partnership, the general partner of which is TWC Housing, L.L.C., wholly owned by Hunt ELP, Ltd. which is jointly owned by HB GP, LLC (W.L. Hunt owning 95.7265% and M.L. Hunt owning 4.2735%) and Hunt Company, LLC (wholly owned by Hunt Building Corporation. Related Capital or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on August 21, 2006 reveals that the principals of the general partner have a total of eighteen developments to be monitored with no material non-compliance.

** Preliminary - Represents Maximum Amount*

ISSUANCE TEAM:

CharterMac Mortgage Capital (FNMA DUS Lender/Servicer)
Fannie Mae (Credit Facility Provider)
Related Capital (Equity Provider)
Stern Brothers & Co. (Underwriter)
Wells Fargo Bank, N. A. (Trustee)
Vinson & Elkins L.L.P. (Bond Counsel)
RBC Capital Markets (Financial Advisor)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER:

The Bonds will be publicly offered for sale on or about September 8, 2006 at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION:

The Development consists of 168 units constructed on approximately 8.5 acres located at 1401 A W Grimes Boulevard, Round Rock, Texas.

Units	Unit Type	Sq Ft	Proposed	AMFI
36	1-Bed/1-Baths	771	$663.00	60%
62	2-Bed/1-Bath	956	$793.00	60%
24	2-Bed/2-Baths	1,034	$793.00	60%
46	3-Bed/2-Baths	1,240	$908.00	60%
168	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.

TENANT SERVICES:

Tenant Services will be provided by CARES, as outlined in the Department's application.

DEPARTMENT FEES:

$10,000 Application Fee (Paid)
$25,625 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

$5,125 Bond Administration (0.10% of first year bond amount)
$6,240 Compliance ($40/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $3,900 to TDHCA or assigns ($25/unit/year adjusted annually for CPI)

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. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development.

CREDIT ENHANCEMENT: The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of Aa3/VMIG1 and an anticipated variable interest rate of 5.25% per annum. 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, (i) during any Weekly Variable Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000 and (ii) during any Reset Period or the Fixed Rate Period, $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 level monthly payments of principal and interest.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at a variable rate until maturity, which is September 1, 2036.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan; (2) earnings derived from amounts held in Funds and Accounts on deposit in an investment agreement; (3) or payments made by the applicable Credit Provider under the credit facility then in effect.

The Credit Provider (initially the Bank) is obligated under its credit enhancement agreement to fund the payment of the Bonds, regardless of whether the Borrower makes the scheduled principal and interest payments on the Mortgage Loan. The Borrower is obligated to reimburse the Credit Provider for any moneys advanced by the Credit Provider 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 subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower:

(1) On any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principle amount redeemed plus accrued interest to the Redemption Date.

(2) On any date within a Reset Period at the respective redemption prices set forth in the Indenture as expressed as a percentage of the principal amount of the Bonds.

(3) On any date within the Fixed Rate Period, at the respective redemption prices set forth in the Indenture as expressed as percentages of the principal amounts of the Bonds.

Mandatory Redemption:

(1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Mortgage Loan.

(2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Reimbursement Agreement.

(3) The Bonds shall be redeemed in whole or in part as follows:

a) On each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account.

b) On any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account.

(4) On and after the Transition Date, if any, the Bonds shall be redeemed at the times and in the amounts set forth in the Sinking Fund Schedule attached as Exhibit E to the Indenture.

(5) The Bond shall be redeemed during the Fixed Rate Period at the times and in the amounts set forth in the Sinking Fund Schedule established pursuant to the Indenture.

(6) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.

(7) 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 are transferred to the Redemption Account.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

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

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. Bond Proceed Fund – shall be dispersed for the redemption of the prior bonds.

2. Revenue Fund - General receipts and disbursement account for revenues to pay principal and interest on the Bonds. Accounts created within the Revenue Fund for redemption provisions, credit facility purposes, the payment of interest and certain ongoing fees.

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 - Moneys held uninvested and exclusively for the payment of the purchase price of Tendered Bonds.

6. Principal Reserve Fund – Fund to collect payments received from the Borrower pursuant to the reimbursement agreement and used to pay certain costs approved by the Credit Provider, including unreimbursed advances, improvements or repairs to the Development, and principal on the Bonds.

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 most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – Wells Fargo, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 2006.

3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Underwriter – Stern Brothers & Co. was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was compiled and approved by the Department June 2006.

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. 06-033

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING MORTGAGE REVENUE REFUNDING BONDS (RED HILLS VILLAS) SERIES 2006; 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 construction that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as defined in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue refunding 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 Department heretofore has issued its Multifamily Housing Mortgage Revenue Bonds (Red Hills Villas) Series 2000A in the original aggregate principal amount of $9,900,000 (the "Prior Tax-Exempt Bonds") and its Taxable Multifamily Housing Mortgage Revenue Bonds (Red Hills Villas) Series 2000B in the original aggregate principal amount of $400,000 (the "Prior Taxable Bonds" and together with the Prior Tax-Exempt Bonds, the "Prior Bonds") under the Trust Indenture dated as of December 1, 2000 (the "Original Indenture"), by and between the Department and Wells Fargo Bank Texas, as trustee (the "Prior Trustee") as amended by the First Supplemental Trust Indenture dated as of August 1, 2004 (the "Supplemental Indenture," and together with the Original Indenture, the "Prior Indenture"), by and among the Department, South Creek Housing, Ltd., a Texas limited partnership (the "Borrower"), Wells Fargo Bank, National Association, as successor by merger to the Prior Trustee, and U.S. Bank Trust National Association, as majority owner, the proceeds of which were loaned (the "Prior Loan") to the Borrower, to provide financing for a multifamily residential rental housing development located in Williamson County, Texas and described on Exhibit A attached hereto (the "Development"), all in accordance with the Constitution and laws of the State; and

WHEREAS, the Board has determined to authorize the issuance, sale and delivery of the Department's Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds (Red Hills Villas) Series 2006 (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 refund a portion of the Prior Tax-Exempt Bonds to provide funds to refinance the cost of acquisition, construction and equipping the Development, all under and in accordance with the Constitution and laws of the State, including particularly Section 2306.354 of the Act and Chapter 1207, Texas Government Code, as amended; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to the Borrower to prepay a portion of the outstanding balance of the mortgage loan for the Prior Tax-Exempt Bonds and thereby refund a portion of the Prior Tax-Exempt Bonds, in accordance with the Constitution and laws of the State; and

WHEREAS, the Borrower will provide funds other than the proceeds of the Bonds to repay the remaining portion of the Prior Tax-Exempt Bonds and the aggregate principal amount of the Prior Taxable Bonds simultaneously with the issuance of the Bonds; and

WHEREAS, Section 4.03 of the Prior Indenture provides that (i) the Prior Tax-Exempt Bonds shall be subject to redemption prior to maturity in whole but not in part on any interest payment date on or after December 1, 2017 from the proceeds of an optional prepayment of the Prior Loan by the Borrower, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption; and (ii) the Prior Taxable Bonds shall be subject to redemption prior to maturity in whole or in part on any interest payment date after the completion date from the proceeds of an optional prepayment of the Prior Loan by the Borrower, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption; and

WHEREAS, the Department, the Prior Trustee and the holders of 100% of the outstanding Prior Bonds (the "Prior Bondholders"), have agreed to the redemption of the Prior Bonds on any date upon prepayment of the Prior Loan by the Borrower; 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 refinance a portion of the cost of the Development and pay related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Loan and liquidity support for the Bonds will be provided for initially by a Direct Pay Irrevocable Transferable Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae", also the "Credit Provider"); and

WHEREAS, it is anticipated that the Note will be secured by a 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, 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 an Amended and Restated 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 Williamson 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 Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Purchase Contract (the "Purchase Contract") with the Borrower and Stern Brothers & Co. (the "Underwriter"), and any other parties to such Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or any other parties to such Purchase Contract; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement") with respect to the 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 Asset Oversight Agreement, the Official Statement and the Purchase Contract (collectively, the "Issuer Documents), all of which are attached to and comprise a part of this Resolution, 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

<u>Section 1.1--Issuance, Execution and Delivery of the Bonds</u>. 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 for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That 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 Purchase Contract, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Purchase Contract; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed $5,015,000; (iii) the final maturity of the Bonds shall occur not later than September 15, 2036; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Purchase Contract shall not exceed 103% of the principal amount thereof.

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

Section 1.4--Approval, Execution and Delivery of the 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 Williamson County, Texas.

Section 1.6--Approval, Execution and Delivery of the Purchase Contract. That the sale of the Bonds to the Underwriter and any other party to the Purchase Contract is hereby approved, that the form and substance of the Purchase Contract are hereby approved, and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute the Purchase Contract and to deliver the Purchase Contract to the Borrower, the Underwriter and any other party to the Purchase Contract, as appropriate.

Section 1.7--Acceptance of the Note and Security Instrument. That the form and substance of the Note and the 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 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 Borrower, the Trustee and Fannie Mae.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of the Rule; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Purchase Contract and as may be approved by the Executive Director or the 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 - Purchase Contract
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 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--Agreement to Redeem Prior Bonds. That notwithstanding the terms and provisions of Section 4.03 of the Prior Indenture and the optional redemption provisions of the Prior Bonds, and by mutual agreement of the Board, the Prior Bondholders, and the Prior Trustee, the Board consents to redemption prior to maturity of the Prior Bonds in whole on any date upon an optional prepayment of the Prior Loan by the Borrower, at redemption prices equal to the principal amounts thereof, plus accrued interest thereon to the date fixed for redemption.

Section 2.2--Waiver of Notices Related to Prior Bonds. That the Board waives all notices under any document, agreement or instrument executed in connection with the issuance of the Prior Bonds, or otherwise required or permitted to redeem the Prior Bonds and to discharge the Prior Indenture.

Section 2.3--Acknowledgment of Actions Related to Prior Bonds. That the Board acknowledges receipt on or before the date of redemption of the Prior Bonds of a Consent and Waiver of Bondholder from each of the Prior Bondholders, (i) consenting to the optional redemption of the Prior Bonds on any date upon prepayment of the Prior Loan by the Borrower; (ii) waiving the provisions of the Prior Indenture and the Prior Bonds which prohibit optional redemption of the Prior Tax-Exempt Bonds prior to December 1, 2017 and prohibit optional redemption of the Prior Bonds on any date other than on interest payment date; (iii) waiving the notice requirements of the Prior Indenture and the provisions of the Loan Agreement dated as of December 1, 2000 (the "Prior Loan Agreement") by and among the Department, the Borrower and the Prior Trustee regarding notice of redemption, delivery of certain other notices and certifications and other conditions to the optional prepayment of the Prior Loan; and (iv) consenting to, authorizing and directing the taking of any actions on the part of the Department or the Prior Trustee in connection with the optional redemption of the Prior Bonds which are not inconsistent with this section.

Section 2.4--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 2.5--Approval of Submission to the Attorney General of the State. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.6--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 the applicable laws of the State.

Section 2.7--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 2.8--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 2.9--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 refinancing 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 2.10--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be Stern Brothers & Co.

Section 2.11--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 an exhibit 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 2.12--Ratifying Other Actions. That all other actions taken by the Executive Director or the Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the refinancing 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 refinancing 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 refinancing 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 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 refinance 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 refinancing 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 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]

PASSED AND APPROVED this 30th day of August, 2006.

[SEAL]

By: /s/ Elizabeth Anderson______________________
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby________________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Borrower: South Creek Housing, Ltd., a Texas limited partnership

Development: The Development is a 168-unit multifamily facility known as Red Hills Villas and located at 1401 South A. W. Grimes Boulevard, Round Rock, Williamson County, Texas. It consists of 6 three-story residential apartment buildings with 148,233 net rentable square feet. The unit mix consists of:

36	one-bedroom/one-bath units
62	two-bedroom/one-bath units
24	two-bedroom/two-bath units
46	three-bedroom/two-bath units
168	Total Units

Unit sizes range from approximately 771 square feet to approximately 1,240 square feet.

Common areas include a picnic area, community room with kitchen facilities, laundry facilities, recreation room, utility room, children's play area, and pool with decking. All ground units are wheelchair accessible and all individual units have washer/dryer connections.

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 5,105,000
Reserves/Escrows Held in Trust	1,176,969
Other sources-GP Equity	4,658,994
Total Sources	$ 10,940,962

Uses of Funds	
Original Bond Issuance - Series 2000	$ 10,151,285
Direct Bond Related	230,731
Bond Purchaser Costs	166,600
Other Transaction Costs	184,147
Real Estate Closing Costs	208,199
Total Uses	$ 10,940,962

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (0.50% of Issuance)	$ 25,525
TDHCA Application Fee	12,500
TDHCA Bond Administration Fee (2 years)	10,210
TDHCA Bond Compliance Fee ($40 per unit)	6,720
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	5,000
Borrower's Counsel	55,000
Trustee Fee	5,000
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	1,276
Total Direct Bond Related	$ 230,731

Bond Purchase Costs		
Permanent Lender		57,500
Permanent Lender Counsel		50,000
Underwriter's Fee		59,100
Total Bond Purchase Costs	$	166,600

Other Transaction Costs		
Tax Credit Application and Determination Fees (if paid at closing)		-
Reserves for Replacement		151,214
Insurance Premium - Escrow		32,933
Total Other Transaction Costs	$	184,147

Real Estate Closing Costs		
Title & Recording (Permanent)		26,819
Escrow - Property Taxes		181,380
Total Real Estate Costs	$	208,199

Estimated Total Costs of Issuance	$	789,677

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING 3rd ADDENDUM

DATE: August 23, 2006 **PROGRAM:** 4% HTC/Bond **FILE NUMBER(S):** 060622 / 00044T[1]

DEVELOPMENT NAME

Red Hills Villas

APPLICANT

Name:	South Creek Housing, Ltd	**Contact:**	James C Hunt
Address:	4401 North Mesa		
City	El Paso	**State:**	TX **Zip:** 79902
Phone:	(915) 513-1122 **Fax:** (915) 298-4343	**Email:**	chrish@huntbuilding.com

KEY PARTICIPANTS

Name:	WCS Housing, LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	TWC Housing, LLC	**Title:**	99% Owner of GP / 100% Owner of Woodward Housing, LLC
Name:	Hunt ELP, Ltd	**Title:**	100% Owner of TWC Housing, LLC
Name:	HB GP, LLC	**Title:**	1% GP of Hunt ELP, Ltd
Name:	W. L. Hunt	**Title:**	95.7% Owner of HB GP, LLC
Name:	M. L. Hunt	**Title:**	4.3% Owner of HB GP, LLC
Name:	Hunt Company, LLC	**Title:**	99% LP of Hunt ELP, Ltd
Name:	Hunt Building Corporation	**Title:**	100% Owner of Hunt Company, LLC
Name:	Woodward Housing, LLC	**Title:**	1% Owner of GP

PROPERTY LOCATION

Location:	1401 South AW Grimes Blvd		
City:	Round Rock	**Zip:**	78664
County:	Williamson	**Region:**	7 ☐ QCT ☐ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
MRB (Tax-Exempt)	$5,015,000	5.25%	30 yrs	30 yrs

Proposed Use of Funds: Bond Refunding **Type:** Multifamily

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $5,015,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 5.26% AND REPAYMENT TERM OF 30 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

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[1] The Applicant has received a new application number for the subject proposed bond transaction. However, application number 00044T will still be the applicable application number for the 2000 4% tax credit allocation.

CONDITIONS

1. Review, receipt, and acceptance of documentation of the terms of the General Partner's contribution to-date and confirmation that the terms will have no affect on the development's debt service or DCR.
2. Receipt, review and acceptance of a new commitment indicating an initial strike cap rate of 4.13% and 1.13% fee stack with a statement regarding a maximum cap rate after year 17.
3. Review, receipt, and acceptance of a commitment documenting the terms for the anticipated loan from the General Partner.

BOND REFUNDING ANALYSIS

The Applicant originally received $9,900,000 in tax exempt bonds and $400,000 in taxable bonds issued by the TDHCA and a tax credit allocation in 2000 under application number 00044T. The bonds were privately placed with CharterMac Municipal Mortgage for a term of forty years at a fixed interest rate of 7.4% on the tax exempt bonds and 9.5% on the taxable bonds.

The development has been unable to generate sufficient cashflow for the existing debt service and is requesting approval from the Department to refund the existing fixed rate, private placement structure with a variable rate, publicly offered structure in the amount of $5,015,000. The following analysis is the 3rd addendum to the underwriting report for Red Hills Villas (#00044T). However, the analysis will not include a recommendation or amendment to the tax credit allocation of $435,964. Because the subject development has already undergone all construction associated with the original recommendation and has been cost certified by the Department, the construction and development costs of the subject development are not reevaluated. The purpose of this analysis is to determine whether the refunding of bonds and additional proposed financing, per the Applicant's request, will result in a substantial improvement to cashflow and result in a more financially feasible position. In addition, the Underwriter will determine if the proposed financing structure is sufficient to cover the proposed uses of funds.

Of note, the organization structure has changed since the 2nd Addendum and no longer includes Ike Monty, John Paul or entities related to these individuals.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's potential rents were calculated by subtracting tenant paid utility allowances from the 2006 program gross rent limits. No estimate of secondary income was included. The Applicant's vacancy and collection loss was estimated at 24.50% of potential gross income. This estimate includes an economic loss in addition to the typically accounted for vacancy and collection loss. The Underwriter assumes that this is due to the development's historical inability to achieve the maximum 60% net program rents. Lastly, the Applicant estimated rental concessions at $35,256.

The Underwriter's projected rents collected per unit were determined by calculating the estimated average net rent collected per unit based on the Portfolio Management and Compliance Division's Unit Status Report dated August 8, 2006 for the subject development. Therefore, the estimated economic loss due to the anticipated inability to achieve the maximum allowable rents is built into the estimate. The Underwriter estimates secondary income at the Department's standard maximum of $15 per unit per month. The 2005 Applicant submitted income statement for the subject development indicated secondary income significantly above the Department's standard maximum. The Underwriter estimated vacancy and collection loss equal to the Department's standard of 7.50% of potential gross income. Due to the Underwriter's inclusion of the anticipated economic loss into the potential gross rent estimate, the Applicant's estimate of vacancy and collection loss is significantly different from the Underwriter's. Additionally, the Underwriter estimated rental concessions based on the 2005 financial statement submitted by the Applicant. The inclusion of substantial rental concessions in an underwriting report is not typical; however, the Underwriter's estimate is justified by the development's 2004 and 2005 financial statements submitted with the application.

As a result of the differences noted above, the Applicant's estimate of effective gross income is 2% or 26K higher than the Underwriter's estimate, but is still within the Department's standard tolerance of 5%.

Expenses: The Applicant's total annual operating expense projection at $4,320 per unit is within 5% of the

Underwriter's estimate of $4,236, derived from actual operating history of the development as indicated in the 2004 and 2005 financial statements and the 2005 owner's financial certification for the subject development. However, the Applicant's estimate of payroll and payroll tax is 10% or $20K higher than the Underwriter's estimate and water, sewer, and trash is 36% or 5K lower. The Applicant significantly understated TDHCA compliance fees by indicating no expense for this item.

Conclusion: The Applicant's estimates of effective gross income, operating expenses and net operating income are each within 5% of the Underwriter's; therefore, the Applicant's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio (DCR). The Underwriter's proforma results in a Year One DCR above the Department's current minimum guideline of 1.10. While the DCR exceeds the Department's typical maximum, due to the nature of the transaction and the absence of a request for an additional tax credit allocation, the maximum DCR does not apply.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

USES OF FUNDS

Due to the unique characteristics of the subject request, the Underwriter has included an analysis of the proposed use of funds. This section essentially replaces the construction cost schedule that is typically analyzed for tax credit/bond transactions. The uses of funds constitutes all debt and equity that is currently held by the partnership plus the anticipated debt and equity that will result from the proposed bond refunding transaction. Of note, the debt and equity currently held by the partnership will past through as a source of funds.

Outstanding Bonds: The Applicant has indicated that the purpose of the bond refunding is to repay the outstanding balance of the original Series 2000a and 2000b bonds that were issued through the TDHCA in December 2000. The Applicant's uses of funds indicates the full original bond amounts of $9,900,000 and $251,285 respectively. However, a portion of the original amount has been repaid. Per a signed letter from CharterMac, the remaining balance of the Series 2000a bonds is $9,900,000 and the balance of the Series 2000b bonds is $238,657. Therefore, the Underwriter's uses of funds reflects the amounts indicated in the lender's letter. In addition, the subordinate loan from the GP in the recommended financing structure has been adjusted downward by the difference between the Underwriter's estimated remaining balance and the Applicant's.

Other Uses of Funds: Due to the anticipated financing structure, the Underwriter has assumed that the additional costs associated with the bond transaction and real estate closing claimed by the Applicant are reasonable.

Limited Partner Equity: The Applicant has indicated that the equity contribution to date from the Limited Partner is $2,158,000.

General Partner Funded Deficits: Due to the inability to generate sufficient development cashflow, the GP contributed funds in order to cover any gap between the actual income and expenses and debt service. According to the Applicant, this amounts to $3,102,613 to date. It is unclear, based on the information provided by the Applicant, whether this contribution is in the form of a loan to be repaid over the course of operation or if this amount is forgiven. This is discussed more below, in the financing structure analysis.

Unpaid Developer Fees: The Applicant has indicated unpaid developer fees amounting to $1,556,870. This amounts to 100% of the developer fees included in the Applicant's construction cost schedule used in the 2nd Addendum to the original underwriting report.

Conclusions: Due to the unique characteristics of the proposed transaction, the Applicant's use of funds schedule, adjusted for the difference in the outstanding bond balance, will be used to determine whether the Applicant's sources of funds is sufficient.

FINANCING STRUCTURE

PERMANENT BOND FINANCING

Source: CharterMac Mortgage Capital **Contact:** Alan M Steinmetz

Tax-Exempt: $5,015,000 **Interest Rate:** 5.36%, variable **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Equal to cap rate of 5.23% plus fee stack of 1.13%.

PERMANENT FINANCING

Source: WCS Housing (GP of the Applicant) **Contact:** N/A

Principal: $4,748,341 **Interest Rate:** Undetermined **Amort:** Undetermined

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: No supporting documentation was supplied by the Applicant.

OTHER

Amount: $3,102,613 **Source:** General Partner Contribution To-Date

OTHER

Amount: $1,176,969 **Source:** Reserves/Escrows Held in Trust

OTHER

Amount: $2,158,000 **Source:** Limited Partner Equity

OTHER

Amount: $1,556,870 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Bond Refunding: The Applicant anticipates receiving $5,015,000 in tax exempt mortgage revenue bonds through TDHCA which will be privately placed with CharterMac Mortgage Capital. There are a number of unresolved inconsistencies and unclear terms in the lender's commitment. First, the initial cap rate is stated as 4.23% in one place and 4.33% in another. The Applicant stated that they bought a more favorable cap rate of 4.13 after the submitted commitment, but that 4.23% is the maximum and 4.33% was a typo. Second, the lender's commitment indicates an underwriting rate of 5.67%. This is higher than the 4.23% plus 1.13% fee stack, that is identified in the commitment to contain all additional debt serviceable items. It is unclear to the Underwriter why the financing would be underwritten at a rate higher than the actual interest rate on the debt. Third, it is unclear, based on the terms, what cap rate, if any, will be in place after year 17. Due to these inconsistencies, receipt, review and acceptance of a new commitment or documentation clarifying the initial strike cap rate and all in underwriting rate with a statement regarding a maximum cap rate after year 17 is a condition of this report. Due to the lack of clarity in the commitment, the Underwriter's recommended financing structure has utilized an interest rate of 5.26% (4.13%+1.13%) to determine the annual debt service on the requested bonds. Also of note, CharterMac's commitment reflects a minimum DCR of 1.20, which the proposed structure appears to meet.

Permanent Financing: During correspondence with the Underwriter, the Applicant indicated that the partnership anticipates a subordinate loan from the General Partner. In order to fund a large portion of gap in funds. The Applicant expects that this funding will be repayable from available cashflow, amortized over 365 months, and accruing interest at AFR with a balloon of any unpaid principal and interest at maturity. However, the Applicant did not supply staff with a commitment indicating the anticipated terms. Therefore, review, receipt, and acceptance of a commitment documenting the terms for the anticipated loan from the General Partner is a condition of this report. The capacity of the development to satisfy this debt is questionable as the outstanding balance at maturity could exceed the property value at that time. Nonetheless, the introduction of the proposed structure places the property in a more favorable position than the current structure, which is no longer tenable. Additionally, any savings accrued due to a variable interest rate lower than the cap rate may also be used to repay deferred developer fee or anticipated subordinate debt.

Limited Partner Equity: The Applicant has indicated $2,158,000 in Limited Partner equity to-date. This consists of the proceeds from the syndication of the original tax credits that were allocated during the 2000 4% HTC round.

Other Sources: The Applicant has indicated $1,176,969 in Reserves/Escrows Held in Trust the remaining portion of the gap in funds less any unpaid developer fees. In addition, the Applicant has indicated that the General Partner has contributed $2,277,209 in order to fund deficits due to the inability of the development to generate sufficient cashflow to cover expenses and debt service. It is unclear whether this contribution is in the form of a loan to the partnership that must be repaid or if the contribution is forgiven. The Underwriter has assumed that the terms of this contribution will not affect the development's debt service or DCR. However, review, receipt, and acceptance of documentation of the terms of the General Partner's contribution to-date and confirmation that the terms will have no affect on the development's debt service or DCR is a condition of this report.

Deferred Developer Fees: Due to the General Partner's significant anticipated subordinate loan, 100% of the $1,556,870 in unpaid developer fees will pass through as deferred developer fee. According to the Applicant's 30-year proforma, deferred developer fees in this amount should be repayable within 5 years of stabilized operation.

Financing Conclusions: Based on the information provided in the application and through subsequent correspondence, the Underwriter has determined that the Applicant's request for bonds in the amount of $5,015,000 plus the additional anticipated sources of funds will decrease the subject development's debt service sufficient to result in a DCR above 1.10 for 30 years and will provide sufficient funds to repay the remaining balance on the existing Series 2000a and Series 2000b bonds allocated to the Applicant in December 2000 and other anticipated costs. However, due it the absence of terms for the anticipated subordinate debt and based on the Applicant's proforma, the likely term of repayment for any subordinate debt anticipated is very unclear. Despite the uncertainty described above, based on this analysis, the proposed refunding of bonds will yield a significant improvement over the current operational and financial state of the subject development. Therefore, the Department recommends the Applicant's request for bonds of $5,015,000, subject to the conditions stated above.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The 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.
- An increase in the variable interest rate on the permanent debt could adversely affect the development's DCR and cash flow.

Underwriter:	Cameron Dorsey	**Date:**	August 23, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Red Hills Villas, Round Rock, Bond Refunding, #060622

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 60%	36	1	1	771	800	$528	$19,014	$0.86	$136.78	$11.97
TC 60%	60	2	1	956	960	627	37,637	0.83	166.79	11.97
TC 60%	24	2	2	1,034	960	627	15,055	0.77	166.79	11.97
TC 60%	48	3	2	1,240	1,109	757	36,325	0.73	200.66	11.97
TOTAL:	168		AVERAGE:	1,009	$968	$643	$108,030	$0.64	$170.04	$11.97

INCOME Total Net Rentable Sq Ft: 169,452				TDHCA	APPLICANT		Comptroller's Region	7
POTENTIAL GROSS RENT				$1,296,359	$1,606,008		IREM Region	Austin
Secondary Income		Per Unit Per Month:	$15.00	30,240	0	$0.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,326,599	$1,606,008			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(99,495)	(393,468)	-24.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				(76,274)	(35,256)			
EFFECTIVE GROSS INCOME				$1,150,830	$1,177,284			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	7.41%	$507	0.50	$85,252	$95,883	$0.57	$571	8.14%
Management	5.07%	348	0.34	58,401	35,300	0.21	210	3.00%
Payroll & Payroll Tax	17.35%	1,188	1.18	199,658	219,735	1.30	1,308	18.66%
Repairs & Maintenance	5.94%	407	0.40	68,364	75,171	0.44	447	6.39%
Utilities	3.32%	227	0.23	38,168	42,075	0.25	250	3.57%
Water, Sewer, & Trash	1.17%	80	0.08	13,489	8,618	0.05	51	0.73%
Property Insurance	2.74%	188	0.19	31,564	32,588	0.19	194	2.77%
Property Tax 2.724118	14.57%	998	0.99	167,635	182,853	1.08	1,088	15.53%
Reserve for Replacements	2.92%	200	0.20	33,600	33,600	0.20	200	2.85%
Other: compl fees, cbl, secur	1.34%	92	0.09	15,457	0	0.00	0	0.00%
TOTAL EXPENSES	61.83%	$4,236	$4.20	$711,588	$725,823	$4.28	$4,320	61.65%
NET OPERATING INC	38.17%	$2,615	$2.59	$439,242	$451,461	$2.66	$2,687	38.35%
DEBT SERVICE								
First Lien Mortgage	30.55%	$2,093	$2.07	$351,577	$332,316	$1.96	$1,978	28.23%
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	7.62%	$522	$0.52	$87,666	$119,145	$0.70	$709	10.12%
AGGREGATE DEBT COVERAGE RATIO				1.25	1.36			
RECOMMENDED DEBT COVERAGE RATIO					1.36			

USES OF FUNDS Description	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Series 2000A Bonds	55.79%	$58,929	$58.42	$9,900,000	$9,900,000	$58.42	$58,929	55.75%
Series 2000B Bonds	1.34%	1,421	1.41	238,657	251,285	1.48	1,496	1.42%
Direct Bond Related	1.30%	1,370	1.36	230,079	230,079	1.36	1,370	1.30%
Bond Purchaser Costs	0.94%	992	0.98	166,600	166,600	0.98	992	0.94%
Other Transaction Costs	1.04%	1,096	1.09	184,147	184,147	1.09	1,096	1.04%
Real Estate Closing	1.17%	1,239	1.23	208,199	208,199	1.23	1,239	1.17%
GP Funded Deficits	17.48%	18,468	18.31	3,102,613	3,102,613	18.31	18,468	17.47%
Limited Partner Equity	12.16%	12,845	12.74	2,158,000	2,158,000	12.74	12,845	12.15%
Unpaid Developer Fees	8.77%	9,267	9.19	1,556,870	1,556,870	9.19	9,267	8.77%
TOTAL COST	100.00%	$105,626	$104.72	$17,745,165	$17,757,793	$104.80	$105,701	100.00%

SOURCES OF FUNDS						RECOMMENDED	
First Lien Mortgage	28.26%	$29,851	$29.60	$5,015,000	$5,015,000	$5,015,000	Developer Fee Available
Reserves/Escrows Held in Trust	6.63%	$7,006	$6.95	1,176,969	1,176,969	1,176,969	$1,556,870
GP Subordinate Loan	26.76%	$28,264	$28.02	4,748,341	4,748,341	4,735,713	% of Dev. Fee Deferred
GP Contribution To-Date	17.48%	$18,468	$18.31	3,102,613	3,102,613	3,102,613	100%
Limited Partner Equity	12.16%	$12,845	$12.74	2,158,000	2,158,000	2,158,000	
Deferred Developer Fees	8.77%	$9,267	$9.19	1,556,870	1,556,870	1,556,870	
Additional (Excess) Funds Req'd	-0.07%	($75)	($0.07)	(12,628)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$17,745,165	$17,757,793	$17,745,165	$7,006,788

Red Hills Villas, Round Rock, Bond Refunding, #060622

PAYMENT COMPUTATION

Primary	$5,015,000	Amort	360
Int Rate	5.76%	DCR	1.25

Secondary		Amort	
Int Rate		Subtotal DCR	1.25

Additional		Amort	
Int Rate		Aggregate DCR	1.25

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$332,689
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$118,772

Primary	$5,015,000	Amort	360
Int Rate	5.26%	DCR	1.36

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.36

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.36

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,606,008	$1,654,188	$1,703,814	$1,754,928	$1,807,576	$2,095,476	$2,429,231	$2,816,145	$3,784,663
Secondary Income	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,606,008	1,654,188	1,703,814	1,754,928	1,807,576	2,095,476	2,429,231	2,816,145	3,784,663
Vacancy & Collection Loss	(393,468)	(124,064)	(127,786)	(131,620)	(135,568)	(157,161)	(182,192)	(211,211)	(283,850)
#REFI	(35,256)	(36,314)	(37,403)	(38,525)	(39,681)	(46,001)	(53,328)	(61,822)	(83,083)
EFFECTIVE GROSS INCOME	$1,177,284	$1,493,810	$1,538,625	$1,584,783	$1,632,327	$1,892,314	$2,193,711	$2,543,112	$3,417,730
EXPENSES at 4.00%									
General & Administrative	$95,883	$99,718	$103,707	$107,855	$112,170	$136,471	$166,038	$202,011	$299,026
Management	35,300	44790.8139	46134.53836	47518.57451	48944.13175	56739.66302	65776.82033	76253.3625	102478.1428
Payroll & Payroll Tax	219,735	228,524	237,665	247,172	257,059	312,751	380,510	462,949	685,277
Repairs & Maintenance	75,171	78,178	81,305	84,557	87,939	106,992	130,172	158,374	234,432
Utilities	42,075	43,758	45,508	47,329	49,222	59,886	72,860	88,646	131,217
Water, Sewer & Trash	8,618	8,963	9,321	9,694	10,082	12,266	14,924	18,157	26,877
Insurance	32,588	33,892	35,247	36,657	38,123	46,383	56,432	68,658	101,631
Property Tax	182,853	190,167	197,774	205,685	213,912	260,257	316,642	385,244	570,255
Reserve for Replacements	33,600	34,944	36,342	37,795	39,307	47,823	58,184	70,790	104,787
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$725,823	$762,935	$793,004	$824,263	$856,758	$1,039,569	$1,261,539	$1,531,081	$2,255,979
NET OPERATING INCOME	$451,461	$730,876	$745,621	$760,520	$775,569	$852,745	$932,172	$1,012,031	$1,161,752
DEBT SERVICE									
First Lien Financing	$332,689	$332,689	$332,689	$332,689	$332,689	$332,689	$332,689	$332,689	$332,689
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	$118,772	$398,187	$412,932	$427,831	$442,880	$520,056	$599,483	$679,342	$829,063
DEBT COVERAGE RATIO	1.36	2.20	2.24	2.29	2.33	2.56	2.80	3.04	3.49

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM

DATE: September 3, 2003 **PROGRAM:** LIHTC/MFB **FILE NUMBER:** 00044T

DEVELOPMENT NAME

Redhill Villas Apartments

APPLICANT

Name:	SouthCreek Housing, Ltd.	Type:	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address:	7103 Guadalupe Street	City:	Austin State: TX
Zip:	78752 Contact: John Paul	Phone:	(512) 380-0123 Fax: (512) 380-0136

PRINCIPALS of the APPLICANT

Name	(%)	Title
Hunt Building Corporation	41%	Managing General Partner
Investment Builders, Inc.	40%	Co-General Partner
JNP Properties, Inc.	19%	Co-General Partner
W.L. Hunt		Chairman/CEO & owner of MGP
Ike Monty		Pres. & owner of Co-GP #1
John Paul		Sec. & owner of co-GP #2

GENERAL PARTNER

Name:	Hunt Building Corporation	Type:	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address:	4401 N. Mesa, Suite 201	City:	El Paso State: TX
Zip:	79902 Contact: Chris Hunt	Phone:	(915) 533-1122 Fax: (915) 545-2631

PROPERTY LOCATION

Location: 1100 South Creek ☐ QCT ☐ DDA

City: Round Rock **County:** Williamson **Zip:** 78664

REQUEST

Amount	Interest Rate	Amortization	Term
❶ $435,964	N/A	N/A	N/A
❷ $9,900,000	7.4%	40	40
❸ $400,000	7.4%	40	40

Other Requested Terms:
❶ $433,051 LIHTC awarded in 2000; $2,913 increase requested in 2002
❷ Tax-exempt mortgage revenue bonds
❸ Taxable mortgage revenue bonds

Proposed Use of Funds: New construction

ADDENDUM

The Applicant originally requested a 4% LIHTC allocation of $477,410; the original underwriting report recommended a credit allocation of only $372,957 but was amended prior to the Board meeting to a recommended allocation of $433,051, conditioned upon the following:

1. Receipt, review, and acceptance of a previous participation certificate for Hemma, Ltd.;
2. Receipt, review, and acceptance of substantiation that the City of Round Rock will construct the "Arterial B" access road at no cost to the Applicant;
3. Receipt, review, and acceptance of a third party detailed sitework cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project;
4. An LIHTC allocation not to exceed $433,051 annually for ten years.
5. The project's first year of total debt service should remain in the range of $739,156 to $839,951 unless the final permanent bond size is reduced through mandatory redemption. It is likely that all or a portion of the TDHCA fees may need to be deferred or waived in the first two years.

The original award of $433,051 was restricted due to the gap of funds method and a significant difference in the direct construction costs estimate. At cost certification, the Applicant has now requested an increase of the LIHTC allocation by $2,913 annually for a total of $435,964. The development's final costs, certified by Novogradac & Company, LLC, were provided as part of the Applicant's cost certification package, and indicate an eligible basis of $12,315,373. TDHCA's estimate of eligible basis at allocation was $11,824,160, a difference of $491,213. Although the additional credits would provide approximately $24,178 in additional equity (per Section 3.4.B.(i) of the limited partnership agreement), the total equity provided of $3,618,178 would be less than TDHCA's original estimate of $3,625,870 made at the time of allocation, based on the estimated eligible basis of the development. Although the final credit price of $0.83 is higher than the underwritten price of $0.82, changes in the applicable percentage from 3.74% estimated at the time of allocation to 3.54% at cost certification is the reason behind this decrease in equity.

The total final project costs of $14,994,877 are higher than TDHCA's projected costs of $13,850,665 by $1,144,212, and are relatively consistent with the Applicant's total cost estimate at the time of application ($14,725,514). As the transaction currently stands, the resulting gap between sources of funds and project costs will be covered by the developer deferring payment of $1,100,877 (or 71%) of the $1,556,870 in developer fees. Considering the increase in project costs and the decrease in the sources of funds, the "gap of funds" method for determining the tax credit amount is no longer applicable, and the Applicant's request for additional tax credits based on the final determination of eligible basis would seem warranted.

In justifying the increase in eligible basis, the Applicant contends that additional sitework required for preparing the paving and drainage associated with the entrance was unforeseen, and cites other increased costs due to additional retaining walls, carports, upgrades to the swimming pool and the iron fencing, the use of concrete instead of asphalt paving, and other drainage work. Although receipt of a detailed sitework cost estimate was a condition to the original underwriting report, it appears that such was never received. A review of the survey and a visit to the site by staff, however, do not indicate any obvious cause to doubt the information provided by the developer regarding increased sitework costs.

Although the Applicant's final sitework costs of $9,259 per unit are a significant increase from TDHCA's estimate of $6,500 per unit at allocation, direct construction costs decreased from $39,545 per unit to $36,690 per unit, resulting in a slight decrease of $15,518 in total sitework and direct construction costs together ($92 per unit). Although the unit mix proposed at application remains the same, the floor area of the units and the total number of buildings has changed. The Underwriter, therefore, performed a revised direct construction cost analysis. Partially due to a reduction in the local cost multiplier, the Underwriter's direct cost estimate also decreased, and the final conclusion confirmed the appropriateness of the Applicant's final direct construction costs. Corresponding to the overall decrease in sitework and direct costs together, the eligible portions of the contractor's general requirements, overhead, and profit were all reduced. The excess portion of the allowance for construction contingencies which was not necessary during construction, appears to have been added to the contractor's profit, but as an ineligible cost.

While the Applicant also cites an increase in costs related to the unexpected acquisition of a small piece of land negotiated with the city to develop access to the site, the ineligible cost to acquire the land would not have had any bearing on the adjustment of tax credits. Final indirect construction costs of $842,410 were only slightly lower compared to the estimate of $866,108 at the time of the award.

The main factor, then, contributing to the increase in eligible basis is the interim construction loan costs, which increased overall by $466,555 over the Department's original estimates. This is largely attributable to an increase in construction loan fees from $97,815 to $206,000, and to new line items of "236A Interest" in the amount of $317,781, inspection fees in the amount of $10,325, and performance bond fees in the amount of $63,254. Although construction loan interest costs increased from $741,761 to $1,242,413, the eligible portion decreased from $741,761 to $546,015.

The recommendations of this addendum are based upon the assumption that the first four conditions listed above have either been met or are no longer relevant. Both the Underwriter's and the Applicant's proformas indicate a bonds-only debt coverage ratio above the Department's minimum guideline of 1.10. However, it is likely that all or a portion of the TDHCA fees may need to be deferred or waived. Therefore, only the first part of condition #5 has been satisfied.

SUMMARY OF SALIENT RISKS AND ISSUES

- Items identified in previous reports or analyses have not been satisfactorily addressed.
- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.

RECOMMENDATION

☒ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED A TOTAL OF $435,964 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

- It is likely that all or a portion of the TDHCA fees may need to be deferred or waived.

Credit Underwriting Supervisor:	Lisa Vecchietti	Date:	September 3, 2003
Director of Credit Underwriting:	Tom Gouris	Date:	September 3, 2003

MULTIF... ...NANCIAL ASSISTANCE REQUEST C... ...ative Analysis

Red Hill Villas Apartments, Round Rock, 4% LIHTC/MFB #00044T 2ND ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 60%	36	1	1	675	$800	$710	$25,561	$1.05	$89.98	$46.80
TC 60%	60	2	1	886	960	846	50,743	0.95	114.28	64.48
TC 60%	24	2	2	962	960	846	20,297	0.88	114.28	64.48
TC 60%	48	3	2	1,143	1,109	970	46,576	0.85	138.66	73.97
TOTAL:	168		AVERAGE:	925	$988	$852	$143,178	$0.92	$116.04	$63.40

INCOME	Total Net Rentable Sq Ft:	155,424	TDHCA	APPLICANT		
POTENTIAL GROSS RENT			$1,718,130	$1,659,168		
Secondary Income	Per Unit Per Month:	$15.00	30,240	24,120	$11.96	Per Unit Per Month
Other Support Income: Carport Rental				50,400	$25.00	Per Unit Per Month
POTENTIAL GROSS INCOME			$1,748,370	$1,733,688		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(131,128)	(130,027)	-7.72%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions			0	0		
EFFECTIVE GROSS INCOME			$1,617,242	$1,603,661		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		2.62%	$252	$0.27	$42,307	$30,696	$0.20	$183	1.91%
Management		5.00%	481	0.52	80,862	75,859	0.49	452	4.73%
Payroll & Payroll Tax		8.95%	862	0.93	144,816	106,936	0.69	637	6.67%
Repairs & Maintenance		4.17%	401	0.43	67,443	33,898	0.22	202	2.11%
Utilities		3.69%	355	0.38	59,653	54,048	0.35	322	3.37%
Water, Sewer, & Trash		5.12%	493	0.53	82,795	81,563	0.52	485	5.09%
Property Insurance		1.54%	148	0.16	24,868	27,413	0.18	163	1.71%
Property Tax	2.592861	9.27%	892	0.96	149,870	146,317	0.94	871	9.12%
Reserve for Replacements		2.08%	200	0.22	33,607	42,000	0.27	250	2.62%
Other:		0.13%	12	0.01	2,072	2,072	0.01	12	0.13%
TOTAL EXPENSES		42.56%	$4,097	$4.43	$688,294	$600,802	$3.87	$3,576	37.46%
NET OPERATING INC		57.44%	$5,529	$5.98	$928,949	$1,002,859	$6.45	$5,969	62.54%
DEBT SERVICE									
Tax-Exempt Bonds		51.64%	$4,971	$5.37	$835,134	$835,134	$5.37	$4,971	52.08%
Trustee Fee		0.22%	$21	$0.02	$3,500	0	$0.00	$0	0.00%
TDHCA Admin. Fees		0.61%	$59	$0.06	9,900	0	$0.00	$0	0.00%
Asset Oversight & Compliance Fees		0.42%	$40	$0.04	6,720	0	$0.00	$0	0.00%
NET CASH FLOW		4.56%	$439	$0.47	$73,695	$167,725	$1.08	$998	10.46%
AGGREGATE DEBT COVERAGE RATIO					1.09	1.20			
BONDS-ONLY DEBT COVERAGE RATIO					[illegible]				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		6.81%	$6,023	$6.51	$1,011,923	$1,012,372	$6.51	$6,026	6.75%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.48%	7,500	8.11	1,260,000	1,555,532	10.01	9,259	10.37%
Direct Construction		41.29%	36,540	39.50	6,138,791	6,164,587	39.66	36,694	41.11%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	2.99%	2,642	2.86	443,927	458,189	2.95	2,727	3.06%
Contractor's G & A	2.00%	1.00%	881	0.95	147,976	154,402	0.99	919	1.03%
Contractor's Profit	6.00%	2.99%	2,642	2.86	443,927	463,207	2.98	2,757	3.09%
Indirect Construction		5.67%	5,014	5.42	842,410	842,410	5.42	5,014	5.62%
Ineligible Costs		11.20%	9,910	10.71	1,664,817	1,664,817	10.71	9,910	11.10%
Developer's G & A	1.97%	1.38%	1,222	1.32	205,233	0	0.00	0	0.00%
Developer's Profit	13.00%	9.09%	8,045	8.70	1,351,637	1,556,870	10.02	9,267	10.38%
Interim Financing		7.53%	6,668	7.21	1,120,176	1,120,176	7.21	6,668	7.47%
Reserves		1.59%	1,407	1.52	236,302	2,315	0.01	14	0.02%
TOTAL COST		100.00%	$88,495	$95.66	$14,867,120	$14,994,877	$96.48	$89,255	100.00%
Recap-Hard Construction Costs		*56.73%*	*$50,206*	*$54.27*	*$8,434,631*	*$8,795,917*	*$56.59*	*$52,357*	*58.66%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
Tax-Exempt Bonds	66.59%	$58,929	$63.70	$9,900,000	$9,900,000	$9,900,000
Taxable Bonds	2.69%	$2,381	$2.57	400,000	400,000	400,000
LIHTC Syndication Proceeds	24.17%	$21,393	$23.12	3,594,000	3,594,000	3,594,000
Deferred Developer's Fee	7.40%	$6,553	$7.08	1,100,877	1,100,877	1,100,877
Additional (excess) Funds Required	-0.86%	($760)	($0.82)	(127,757)	0	0
TOTAL SOURCES				$14,867,120	$14,994,877	$14,994,877

Red hill Villas Apartments, Round Rock, 4% LIHTC/MFB #000441 2ND ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$41.94	$6,518,397
Adjustments				
Exterior Wall Finish	3.20%		$1.34	$208,589
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(0.67)	(104,652)
Floor Cover			1.92	298,414
Porches/Balconies	$29.24	14,066	2.65	411,302
Plumbing	$615	216	0.85	132,840
Built-In Appliances	$1,625	168	1.76	273,000
Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.47	228,473
Carports			0.00	0
Comm &/or Aux Bldgs	$59.56	3,194	1.22	190,241
FireSprinkler	$1.55	155,424	1.55	240,907
SUBTOTAL			54.03	8,397,511
Current Cost Multiplier	1.03		1.62	251,925
Local Multiplier	0.87		(7.02)	(1,091,676)
TOTAL DIRECT CONSTRUCTION COSTS			$48.63	$7,557,780
Plans, specs, survy, bld prmt	3.90%		($1.90)	($294,753)
Interim Construction Interest	3.38%		(1.64)	(255,074)
Contractor's OH & Profit	11.50%		(5.59)	(869,142)
NET DIRECT CONSTRUCTION COSTS			$39.50	$6,138,791

PAYMENT COMPUTATION

Primary	$9,500,000	Amort	480
Int Rate	7.40%	DCR	1.11

Secondary	$400,000	Amort	120
Int Rate	9.50%	Subtotal DCR	1.10

Additional	$3,594,000	Amort	
Int Rate		Aggregate DCR	1.09

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$773,023
Trustee Fee	3,500
TDHCA Fees	16,620
NET CASH FLOW	$135,806

Primary	$9,500,000	Amort	480
Int Rate	7.40%	DCR	1.20

Secondary	$400,000	Amort	120
Int Rate	9.50%	Subtotal DCR	1.20

Additional	$3,594,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

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	$1,718,130	$1,769,674	$1,822,764	$1,877,447	$1,933,771	$2,241,770	$2,598,826	$3,012,752	$4,048,886
Secondary Income	30,240	31,147	32,082	33,044	34,035	39,456	45,741	53,026	71,263
Other Support Income: Carport F	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,748,370	1,800,821	1,854,846	1,910,491	1,967,806	2,281,227	2,644,567	3,065,778	4,120,149
Vacancy & Collection Loss	(131,128)	(135,062)	(139,113)	(143,287)	(147,585)	(171,092)	(198,343)	(229,933)	(309,011)
Employee or Other Non-Rental Ui	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,617,242	$1,665,760	$1,715,733	$1,767,205	$1,820,221	$2,110,135	$2,446,224	$2,835,844	$3,811,138
EXPENSES at 4.00%									
General & Administrative	$42,307	$43,999	$45,759	$47,590	$49,493	$60,216	$73,262	$89,134	$131,941
Management	80,862	83,286	85,787	88,360	91,011	105,507	122,311	141,792	190,557
Payroll & Payroll Tax	144,816	150,609	156,633	162,898	169,414	206,118	250,774	305,105	451,631
Repairs & Maintenance	67,443	70,141	72,947	75,865	78,899	95,993	116,790	142,093	210,333
Utilities	59,653	62,039	64,521	67,102	69,786	84,905	103,300	125,680	186,037
Water, Sewer & Trash	82,795	86,107	89,551	93,133	96,859	117,843	143,374	174,436	258,209
Insurance	24,868	25,863	26,897	27,973	29,092	35,395	43,063	52,393	77,554
Property Tax	149,870	155,865	162,100	168,584	175,327	213,312	259,527	315,754	467,393
Reserve for Replacements	33,607	34,951	36,349	37,803	39,315	47,833	58,196	70,804	104,808
Other	2,072	2,155	2,241	2,331	2,424	2,949	3,588	4,365	6,462
TOTAL EXPENSES	$688,294	$715,017	$742,784	$771,639	$801,620	$970,071	$1,174,186	$1,421,559	$2,084,924
NET OPERATING INCOME	$928,949	$950,743	$972,948	$995,567	$1,018,601	$1,140,064	$1,272,038	$1,414,286	$1,726,214
DEBT SERVICE									
First Lien Financing	$773,023	$773,023	$773,023	$773,023	$773,023	$773,023	$773,023	$773,023	$773,023
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	8,900	9,858	9,813	9,765	9,712	9,385	8,912	8,227	5,806
Asset Oversight & Compliance Fe	6,720	6,989	7,268	7,559	7,861	9,565	11,637	14,158	20,957
Cash Flow	135,806	157,373	179,344	201,720	224,504	344,591	474,967	615,378	922,928
AGGREGATE DCR	1.17	1.20	1.23	1.25	1.28	1.43	1.60	1.77	2.15

LIHTC Allocation Calculation - Red Hill Villas Apartments, Round Rock, 4% LIHTC/MFB #00044T

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	$1,012,372	$1,011,923		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,555,532	$1,260,000	$1,555,532	$1,260,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$6,164,587	$6,138,791	$6,164,587	$6,138,791
(4) Contractor Fees & General Requirements				
Contractor overhead	$154,402	$147,976	$154,402	$147,976
Contractor profit	$463,207	$443,927	$463,207	$443,927
General requirements	$458,189	$443,927	$458,189	$443,927
(5) Contingencies				
(6) Eligible Indirect Fees	$842,410	$842,410	$842,410	$842,410
(7) Eligible Financing Fees	$1,120,176	$1,120,176	$1,120,176	$1,120,176
(8) All Ineligible Costs	$1,664,817	$1,664,817		
(9) Developer Fees				
Developer overhead		$205,233		$205,233
Developer fee	$1,556,870	$1,351,637	$1,556,870	$1,351,637
(10) Development Reserves	$2,315	$236,302		
TOTAL DEVELOPMENT COSTS	$14,994,877	$14,867,120	$12,315,373	$11,954,077

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		$12,315,373	$11,954,077
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$12,315,373	$11,954,077
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$12,315,373	$11,954,077
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		$447,048	$433,933
Syndication Proceeds	0.8112	$3,626,424	$3,520,035

COPY

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS ADDENDUM

DATE: November 8, 2000 **PROGRAM:** LIHTC **FILE NUMBER:** 00044T

DEVELOPMENT NAME

Redhill Villas

APPLICANT

Name: SouthCreek Housing, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 7103 Guadalupe **City:** Austin **State:** TX

Zip: 78752 **Contact:** John Paul **Phone:** (512) 380-0123 **Fax:** (512) 380-0136

PRINCIPALS of the APPLICANT

Name	(%)	Title
Hunt Building Corporation	41%	Managing General Partner
Investment Builders, Inc.	40%	Co-General Partner
JNP Properties, Inc.	19%	Co-General Partner
W.L. Hunt		Chairman/CEO & owner of MGP
Ike Monty		Pres. & owner of Co-GP #1
John Paul		Sec. & owner of co-GP #2

GENERAL PARTNER

Name: Hunt Building Corporation **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 4401 N. Mesa, Suite 201 **City:** El Paso **State:** TX

Zip: 79902 **Contact:** Chris Hunt **Phone:** (915) 533-1122 **Fax:** (915) 545-2631

PROPERTY LOCATION

Location: 1100 South Creek ☐ QCT ☐ DDA

City: Round Rock **County:** Williamson **Zip:** 78664

REQUEST

Amount	Interest Rate	Amortization	Term
❶$477,410	N/A	N/A	N/A
❷ $9,900,000	7.4%	40	40
❸ $400,000	7.4%	40	40

Other Requested Terms: ❶Annual 10-year allocation of low-income housing tax credits ❷Tax Exempt Mortgage Revenue Bonds❸ Taxable Mortgage Revenue Bonds

Proposed Use of Funds: New construction

ADDENDUM

Subsequent to the completion of the original underwriting report, Mr. Robert Kelly of the Hunt Building

Corporation provided a letter with a number of revised construction costs and specifications on November 7, 2000 and a revised cost breakdown on November 8. These additional costs are primarily a result of negotiations the developer has had with the neighborhood groups to enhance the quality of the project. The Underwriter has used these documents to reevaluate the project's construction budget.

Sitework Cost: The Applicant has indicated in his November 7 letter that 7,000 cubic yards of fill will need to be imported to the site, but the cut/fill siteplan provided as substantiation indicates that 10,054 yards will be required. According to conversations with Mr. Kelly these costs are in addition to the previously estimated sitework cost. However, the November 8 revised cost breakdown does not include any additional site work costs. A third-party detailed sitework cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project is still required to substantiate the $7,000/unit cost.

Direct Construction Cost:

- The Applicant pointed out that the project's units will have nine-foot ceiling heights instead of the standard eight feet and this was verified in the most recent architectural drawings submitted. The Underwriter therefore increased the base cost by 4% to $39.45 in accordance with Marshall & Swift *Residential Cost Handbook* standards.
- The Applicant indicated that all buildings will have fire sprinkler systems installed, and estimated the cost in the letter at $223,000. The Underwriter used a Marshall & Swift cost factor of $1.55/SF to arrive at an estimated cost of $240,907. It should be noted that the Applicant's original cost estimate for fire protection was $149,679, which was later revised to $144,368 and most recently to $241,000 in the November 8 cost breakdown.
- The Applicant estimates that the 3,194 SF community building will cost $288,000 ($90.17/SF) to construct. This cost is 71% above the base Marshall & Swift cost of $52.76/SF. The Underwriter revised the TDHCA cost estimate to $64.32/SF to take into account the building's unusual two-story "tower" feature, but no other architectural features are apparent which would merit a further increase.
- The Applicant also provided new estimates for plumbing ($3,300/unit), HVAC ($2,100/unit), and electrical ($2,000/unit) costs, which are significantly less than the previous cost information. The net effect of these changes is to reduce the Applicant's hard costs by $501,984; however, in a November 7 telephone conversation Mr. Kelly indicated that this would not be the case and that these costs were incremental costs that he thought our analysis did not include. There were no changes to these line items in the November 8 cost breakdown. The Underwriter used the Applicant's most recent cost breakdown amounts in the attached comparative analysis.

Conclusion and Revised Allocation Recommendation: While the Underwriter's direct costs have risen by $415K and total costs have risen by $493K from the original report, the Applicant's latest direct construction and total development cost estimates have also risen by $252K and $296K respectively. Thus the Applicant's revised costs exceed the Underwriter's revised estimates by more than 5%. In addition, there remain large discrepancies and uncertainties involved with the Applicant's cost estimates. The Underwriter's more verifiable revised costs should, therefore, be used to calculate eligible basis and determine the LIHTC allocation. The recommended allocation of tax credits are based on gap analysis again, but is revised to $433,051 rather than the $442,224 potential eligible basis-driven credit amount.

Previous Experience of Mr. John Paul and Hemma, Ltd.: Although the previous participation certificate completed by Mr. Paul is incomplete, it indicates his participation as general partner or owner in four previous affordable housing projects totaling 572 units since 1995. No previous participation certificate has yet been received for the developer, HEMMA, Ltd., and this remains a condition of this report.

RECOMMENDATION

☒ RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of a previous participation certificate for Hemma, Ltd.;
2. Receipt, review, and acceptance of substantiation that the City of Round Rock will construct the "Arterial B" access road at no cost to the Applicant;

3. Receipt, review, and acceptance of a third party detailed sitework cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project;
4. LIHTC allocation not to exceed $433,051 annually for ten years.
5. The project's first year of total debt service should remain in the range of $739,156 to $839,951 unless the final permanent bond size is reduced through mandatory redemption. It is likely that all or a portion of the TDHCA fees may need to be deferred or waived in the first two years.

Credit Underwriting Supervisor:	Jim Anderson	Date:	November 9, 2000
Director of Credit Underwriting:	Tom Gouris	Date:	November 9, 2000

MULTIFAMILY FI NCIAL ASSISTANCE REQUEST: Comp ative Analysis

Redhill Villas, LIHTC/MRB #00044T Addendum

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (60%)	36	1	1	675	662	$608	$21,888	$0.90	$53.80	$32.60
TC (60%)	60	2	1	886	795	$734	44,048	0.83	60.86	35.85
TC (60%)	24	2	2	962	795	$734	17,619	0.76	60.86	35.85
TC (60%)	48	3	2	1,143	918	$853	40,945	0.75	64.98	38.60
TOTAL:	168		AVERAGE:	925	$802	$741	$124,501	$0.80	$60.52	$35.94

INCOME & EXPENSE

				TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$1,494,009	$1,486,764			
Secondary Income		Per Unit Per Month:	$16.38	33,022	78,252	$38.82	Per Unit Per Month	
Other Support Income				0	0			
POTENTIAL GROSS INCOME				$1,527,031	$1,565,016			
Vacancy & Collection Loss		% of Potential Gross Income:	-5.00%	(76,352)	(78,252)	-5.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$1,450,679	$1,486,764			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.12%	$269	$0.29	$45,241	$28,057	$0.18	$167	1.89%
Management	5.00%	432	0.47	72,534	74,388	0.48	443	5.00%
Payroll & Payroll Tax	7.79%	672	0.73	112,944	105,733	0.68	629	7.11%
Repairs & Maintenance	5.16%	446	0.48	74,848	29,537	0.19	176	1.99%
Utilities	2.06%	178	0.19	29,865	47,191	0.30	281	3.17%
Water, Sewer, & Trash	3.77%	325	0.35	54,669	45,490	0.29	271	3.06%
Insurance	1.82%	157	0.17	26,412	27,413	0.18	163	1.84%
Property Tax 2.4216644	7.74%	668	0.72	112,214	159,216	1.02	948	10.71%
Reserve for Replacements	2.32%	200	0.22	33,600	42,000	0.27	250	2.82%
Other: Security & compl. fees	0.49%	42	0.05	7,061	3,793	0.02	23	0.26%
TOTAL EXPENSES	39.25%	$3,389	$3.65	$569,387	$562,818	$3.62	$3,350	37.86%
NET OPERATING INC	60.75%	$5,246	$5.67	$881,292	$923,946	$5.94	$5,500	62.14%
1st Lien Mortgage	55.94%	$4,831	$5.22	$811,549	$794,292	$5.11	$4,728	53.42%
Trustee Fee	0.24%	$21	$0.02	3,500	0	$0.00	$0	0.00%
TDHCA Admin Fees	0.71%	$61	$0.07	10,300	0			
Asset Ovrst & Compliance Fees	0.75%	$65	$0.07	10,920	932	$0.01	$6	0.06%
NET CASH FLOW	3.10%	$268	$0.29	$45,023	$128,722	$0.83	$766	8.66%
AGGREGATE DEBT COVERAGE RATIO				1.06	1.16			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO				1.08				
BONDS-ONLY DEBT COVERAGE RATIO				1.09				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		6.97%	$5,744	$6.21	$964,910	$964,910	$6.21	$5,744	6.55%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.88%	6,500	7.03	1,092,000	1,175,980	7.57	7,000	7.99%
Direct Construction		47.97%	39,545	42.75	6,643,637	7,250,214	46.65	43,156	49.24%
Contingency	5.00%	2.79%	2,302	2.49	386,782	0	0.00	0	0.00%
General Requirements	6.00%	3.35%	2,763	2.99	464,138	505,572	3.25	3,009	3.43%
Contractor's G & A	2.00%	1.12%	921	1.00	154,713	168,524	1.08	1,003	1.14%
Contractor's Profit	6.00%	3.35%	2,763	2.99	464,138	505,572	3.25	3,009	3.43%
Indirect Construction		6.25%	5,155	5.57	866,108	866,108	5.57	5,155	5.88%
Ineligible Expenses		1.82%	1,498	1.62	251,700	251,700	1.62	1,498	1.71%
Developer's G & A	0.85%	0.66%	545	0.59	91,536	0	0.00	0	0.00%
Developer's Profit	13.00%	10.07%	8,299	8.97	1,394,268	1,485,804	9.56	8,844	10.09%
Interim Financing		4.72%	3,891	4.21	653,621	938,207	6.04	5,585	6.37%
Reserves		3.05%	2,519	2.72	423,113	612,923	3.94	3,648	4.16%
TOTAL COST		100.00%	$82,444	$89.12	$13,850,666	$14,725,514	$94.74	$87,652	100.00%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED
Bond Proceeds	74.36%	$61,310	$66.27	$10,300,000	$10,300,000	$10,300,000
LIHTC Syndication Proceeds	28.26%	$23,300	$25.19	3,914,370	3,914,370	3,650,665
Interest & NOI During Dev't.	0.00%	$0	$0.00	0	284,586	0
Deferred Developer's Fee	1.79%	$1,477	$1.60	248,129	248,129	0
Additional (excess) Funds Required	-4.42%	($3,642)	($3.94)	(611,834)	(21,571)	0
TOTAL SOURCES				$13,850,665	$14,725,514	$13,850,665

Max. Cost Guideline

$11,585,859

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$39.45	$6,130,741
Adjustments				
Frame	3.20%		$1.26	$196,184
Elderly			0.00	0
Roofing (conc. tile)			3.25	168,376
Subfloor			(1.86)	(289,089)
Floor Cover			1.72	267,329
Fire Sprinkler	$1.55	155,424	1.55	240,907
Plumbing	$555	216	0.77	119,880
Built-In Appliances	$1,475	168	1.59	247,800
Fireplaces	$1,975	1	0.01	1,975
Floor Insulation			0.00	0
Heating/Cooling			1.32	205,160
Stairs	$1,450	56	0.52	81,200
Comm &/or Aux bldngs	$64.32	3,194	1.32	205,446
Porches & Corridors	$16	27,098	2.79	433,565
SUBTOTAL			53.70	8,346,226
Current Cost Multiplier	1.09		4.83	751,160
Local Multiplier	0.89		(5.91)	(918,085)
TOTAL DIRECT CONSTRUCTION COSTS			$52.63	$8,179,301
Plans, specs, survy, bld prmts	3.90%		($2.05)	($318,993)
Interim Construction Interest	3.38%		(1.78)	(276,051)
Contractor's OH & Profit	11.50%		(6.05)	(940,620)
NET DIRECT CONSTRUCTION COSTS			$42.75	$6,643,637

PAYMENT COMPUTATION

Primary	$10,300,000	Term	480
Int Rate	7.48%	DCR	1.09

Secondary	$3,014,370	Term	
Int Rate		Subtotal DCR	1.08

Additional	$284,588	Term	
Int Rate		Aggregate DCR	1.05

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$811,549
Trustee Fee	3,500
Compliance, Administration, & Servicin	21,220
NET CASH FLOW	$45,023

Primary	$10,300,000	Term	480
Int Rate	7.48%	DCR	1.08

Secondary		Term	
Int Rate		Subtotal DCR	1.05

Additional		Term	
Int Rate		Aggregate DCR	1.05

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	$1,494,009	$1,538,829	$1,584,994	$1,632,544	$1,681,520	$1,949,342	$2,259,822	$2,619,753	$3,520,729
Secondary Income	33,022	34,013	35,033	36,084	37,167	43,085	49,949	57,904	77,819
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,527,031	1,572,842	1,620,027	1,668,628	1,718,687	1,992,429	2,309,771	2,677,658	3,598,548
Vacancy & Collection Loss	(76,352)	(78,642)	(81,001)	(83,431)	(85,934)	(99,621)	(115,489)	(133,883)	(179,927)
Employee or Other Non-Rental Uni	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,450,679	$1,494,200	$1,539,026	$1,585,195	$1,632,752	$1,892,807	$2,194,282	$2,543,775	$3,418,621
EXPENSES at 4.00%									
General & Administrative	$45,241	$47,050	$48,932	$50,889	$52,925	$64,391	$78,342	$95,315	$141,090
Management	72,534	74,710	76,951	79,260	81,638	94,640	109,714	127,189	170,931
Payroll & Payroll Tax	112,944	117,462	122,160	127,047	132,129	160,755	195,583	237,956	352,233
Repairs & Maintenance	74,848	77,842	80,955	84,193	87,561	106,532	129,612	157,693	233,424
Utilities	29,865	31,060	32,302	33,594	34,938	42,507	51,717	62,921	93,139
Water, Sewer & Trash	54,669	56,856	59,130	61,495	63,955	77,811	94,669	115,179	170,494
Insurance	26,412	27,468	28,567	29,709	30,898	37,592	45,736	55,645	82,368
Property Tax	112,214	116,703	121,371	126,226	131,275	159,716	194,319	236,418	349,957
Reserve for Replacements	33,600	34,944	36,342	37,795	39,307	47,823	58,184	70,790	104,787
Other	7,061	7,343	7,637	7,943	8,260	10,050	12,227	14,876	22,021
TOTAL EXPENSES	$569,387	$591,437	$614,348	$638,152	$662,885	$801,817	$970,103	$1,173,983	$1,720,443
NET OPERATING INCOME	$881,292	$902,762	$924,678	$947,044	$969,867	$1,090,990	$1,224,179	$1,369,791	$1,698,178
DEBT SERVICE									
First Lien Financing	$811,549	$811,549	$811,549	$811,549	$811,549	$811,549	$911,549	$811,549	$811,549
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin Fees	10,300	10,257	10,212	10,162	10,109	9,774	9,269	8,583	6,072
Asset Ovrst & Compliance Fees	10,920	11,357	11,811	12,284	12,775	15,543	18,910	23,007	34,056
NET CASH FLOW	$45,023	$66,099	$87,606	$109,549	$131,934	$250,624	$380,932	$523,152	$843,001
AGGREGATE DCR	1.05	1.08	1.10	1.13	1.16	1.30	1.45	1.62	1.99
BONDS & TRUSTEE FEE-ONLY D	1.08	1.11	1.13	1.16	1.19	1.34	1.50	1.68	2.08
BONDS-ONLY DCR	1.09	1.11	1.14	1.17	1.20	1.34	1.51	1.69	2.09
						191,279	315,778	452,042	683,076
Cumulative Cash Flow	$45,023	$111,122	$198,728	$308,277	$440,211	1,396,605	2,975,494	5,235,705	12,066,470

LIHTC Allocation Calculation - Redhill Villas, LIHTC/MRB #00044T Addendum

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$964,910	$964,910		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,175,980	$1,092,000	$1,175,980	$1,092,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,250,214	$6,643,637	$7,250,214	$6,643,637
(4) Contractor Fees & General Requirements				
Contractor overhead	$168,524	$154,713	$168,524	$154,713
Contractor profit	$505,572	$464,138	$505,572	$464,138
General requirements	$505,572	$464,138	$505,572	$464,138
(5) Contingencies		$386,782		
(6) Eligible Indirect Fees	$866,108	$866,108	$866,108	$866,108
(7) Eligible Financing Fees	$938,207	$653,621	$938,207	$653,621
(8) All Ineligible Costs	$251,700	$251,700		
(9) Developer Fees				
Developer overhead		$91,536		$91,536
Developer fee	$1,485,804	$1,394,268	$1,485,804	$1,394,268
(10) Development Reserves	$612,923	$423,113		
TOTAL DEVELOPMENT COSTS	$14,725,514	$13,850,665	$12,895,980	$11,824,160

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		$12,895,980	$11,824,160
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$12,895,980	$11,824,160
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$12,895,980	$11,824,160
Applicable Percentage		3.74%	3.74%
TOTAL AMOUNT OF TAX CREDITS		$482,310	$442,224
Syndication Proceeds	0.8199	$3,954,543	$3,625,870

Actual Gap of Need	$3,550,665
Gap-Driven Allocation	$433,051
Request	$477,410
Eligible Basis-Driven Allocation	$442,224

COPY

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DATE: November 3, 2000 **PROGRAM:** LIHTC **FILE NUMBER:** 00044T

DEVELOPMENT NAME

Redhill Villas

APPLICANT

Name: SouthCreek Housing, Ltd.	**Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other		
Address: 7103 Guadalupe	**City:** Austin	**State:** TX	
Zip: 78752 **Contact:** John Paul	**Phone:** (512) 380-0123	**Fax:** (512) 380-0136	

PRINCIPALS of the APPLICANT

Name	(%)	Title
Hunt Building Corporation	41%	Managing General Partner
Investment Builders, Inc.	40%	Co-General Partner
JNP Properties, Inc.	19%	Co-General Partner
W.L. Hunt		Chairman/CEO & owner of MGP
Ike Monty		Pres. & owner of Co-GP #1
John Paul		Sec. & owner of co-GP #2

GENERAL PARTNER

Name: Hunt Building Corporation	**Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other		
Address: 4401 N. Mesa, Suite 201	**City:** El Paso	**State:** TX	
Zip: 79902 **Contact:** Chris Hunt	**Phone:** (915) 533-1122	**Fax:** (915) 545-2631	

PROPERTY LOCATION

Location: 1100 South Creek ☐ QCT ☐ DDA

City: Round Rock **County:** Williamson **Zip:** 78664

REQUEST

Amount	Interest Rate	Amortization	Term
$477,410	N/A	N/A	N/A

Other Requested Terms: Annual 10-year allocation of low-income housing tax credits

Proposed Use of Funds: New construction

SITE DESCRIPTION

Size: 8.496 acres 370,086 square feet **Zoning/ Permitted Uses:** MF, multifamily residential

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 168 # Rental Buildings 6 # Common Area Bldngs 1 # of Floors 3 Age: 0 yrs Vacant: N/A at / /

Number	Bedrooms	Other Rms	Bathrooms	Size in SF
36	1		1	675
60	2		1	886
24	2		2	962
48	3		2	1,143

Net Rentable SF: 155,424 Av Un SF: 925 Common Area SF: 3,194 Gross Bldng SF 158,618

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, stucco & masonry veneer exterior wall covering, drywall interior wall surfaces, concrete tile roofing

APPLIANCES AND INTERIOR FEATURES

Range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, washer & dryer connections, ceiling fans, individual water heaters, fiberglass tub/shower, carpeting & vinyl flooring, central heating & air conditioning

ON-SITE AMENITIES

3,194 SF community building with club, media, & recreation rooms, coffee bar, mail & laundry rooms & restrooms, swimming pool, equipped children's play area, perimeter fencing with limited access gate & monitored security

Uncovered Parking: 385 spaces Carports: 0 spaces Garages: 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Related Capital Company Contact: Justin Ginsberg

Principal Amount: $9,900,000 Interest Rate: 8.4%

Additional Information: Tax-exempt bond proceeds

Amortization: N/A yrs Term: 2 yrs Commitment: ☐ None ☒ Firm ☐ Conditional

INTERIM CONSTRUCTION or GAP FINANCING

Source: Related Capital Company Contact: Justin Ginsberg

Principal Amount: $400,000 Interest Rate: 9.5%

Additional Information: Taxable bond proceeds

Amortization: N/A yrs Term: 2 yrs Commitment: ☐ None ☒ Firm ☐ Conditional

LONG TERM/PERMANENT FINANCING

Source: Related Capital Company Contact: Justin Ginsberg

Principal Amount: $9,900,000 Interest Rate: 7.4%

Additional Information: Tax-exempt bond proceeds, amortized after taxable bonds

Amortization: 38 yrs Term: 38 yrs Commitment: ☐ None ☒ Firm ☐ Conditional

Annual Payment: $773,023 Lien Priority: 1st Commitment Date 9/ 20/ 2000

LONG TERM/PERMANENT FINANCING

Source: Related Capital Company **Contact:** Justin Ginsberg

Principal Amount: $400,000 **Interest Rate:** 9.5%

Additional Information: Taxable bond proceeds, amortization accelerated to approximately 7.6 years

Amortization: 38 yrs **Term:** 38 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

Annual Payment: $38,883 **Lien Priority:** 1st **Commitment Date** 9/ 20/ 2000

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 421-5333 **Fax:** (212) 751-3550

Net Proceeds: $3,914,370 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 81.99¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 11/ 1/ 2000

Additional Information:

APPLICANT EQUITY

Amount: $248,129 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: (None provided) **Date of Valuation:** / /

ASSESSED VALUE

Land: $462,825 **Assessment for the Year of:** 1999

Building: N/A **Valuation by:** Williamson County Appraisal District

Total Assessed Value: $462,825

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: ❶Special warranty deed (for main tract) ❷Earnest money contract (for 0.9-acre access portion on SW corner)

Contract Expiration Date: / / **Anticipated Closing Date:** 12/ 4/ 2000

Acquisition Cost: ❶$865,910 ❷$99,970 **Other Terms/Conditions:** ❷Required for main project access road from to-be-built "Arterial B" road

Seller: ❶ Doug Scott, dba Doug Scott Builder ❷ Howard J. Wolf & Carolyn J. Wolf **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

[NOTE: The specifics of the subject project have been changed numerous times during the course of this analysis, especially in regard to project costs and financing structure. In addition, the project layout and unit mix have changed since the original application was received. The following analysis is based on the Applicant's latest information dated November 2, 2000.]

Description: Redhill Villas is a proposed new construction project of 168 units of affordable housing located in east Round Rock. The project consists of 36 1-BR/1-BA units, 60 2-BR/1-BA units, 24 2-BR/2-BA units, and 48 3-BR/2-BA units, in six three-story, walk-up-style buildings. The site plan shows three different building configurations consisting of the following: Building Type I has (12) each 1- and 2-BR units; Building Type II has (12) each 2- and 3-BR units; and Building Type III has (12) each 1-BR and 3-BR units and (24) 2-BR units. Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building and swimming pool located near the main entrance to the site. The community building is planned to have the management office, a large community room, recreation and media rooms, a coffee bar, restrooms, and laundry and central mail facilities.

Supportive Services: The Applicant intends to use Royal Community Services, Inc. to provide the following supportive services to tenants: after school programs, job training, parenting classes, and financial counseling. These services will be provided at no cost to tenants. No information was provided regarding requirements of or cost to the Applicant.

Schedule: The Applicant anticipates construction to begin in December of 2000, to be completed and placed in service in November of 2001, and to be substantially leased-up in February of 2002.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although 100% of the units will be reserved for households earning 60% or less of AMGI.

Special Needs Set-Asides: Four units (2.4% of the total) will be handicapped-accessible.

Compliance Period Extension: The Applicant has not elected to extend the compliance period.

MARKET HIGHLIGHTS

A market feasibility study dated June 9, 2000 was prepared by Prior & Associates and highlighted the following findings:

Definition of Market/Submarket: "The project market area is the City of Round Rock." (p. iii)

Total Regional Market Demand for Rental Units: "Round Rock is the largest city in Williamson County and the second largest city in the Austin-San Marcos MSA...Employment in the Austin-San Marcos MSA has been rising 4.8% per year since 1990...Williamson County has absorbed 28% of the MSA's job growth since 1990...the market area population is increasing 8.5% per year. The market area is projected to gain 1,364 households per year through 2004." (p. iii-iv)

Total Local/Submarket Demand for Rental Units: "There is a great deal of growth occurring in the subject's market area, including residential and commercial development as well as household growth. The vacancy rate of the surveyed market area projects is less than 1%, and most projects have waiting lists. Therefore, the subject should be easily absorbed into the market." (p. 43)

Capture Rate: "The subject will need to capture 5.8% of the renter housing demand within its proposed price range." (p. vi)

Local Housing Authority Waiting List Information: "The subject is within the service area of the Round Rock Housing Authority, which has 61 Section 8 vouchers. The housing authority has allocated all of these vouchers. There are between 35 and 510 applicants on its waiting list...Section 8 recipients have difficulty finding rental units that meet HUD's Fair Market Rents (FMRs) and Housing Quality Standards. The sponsor's rents for the one- and two-bedroom units are over HUD's FMRs. Therefore, households with

Section 8 vouchers are not likely to live in the proposed units. However, Section 8 recipients are likely to live in the subject's three-bedroom units, which have rents below the FMRs." (p. 32)

Market Rent Comparables: The market analyst surveyed nine comparable apartment projects totaling 1,760 units in the market area. "The average monthly rent of surveyed projects was $654 for one-bedroom units, $664 for two-bedroom/one-bath units, and $936 for three-bedroom/two-bath units. These rates are higher than the subject for one- and three-bedroom units and higher than the average rents for two-bedroom units...The subject's location is superior to its major competitors. Its unit sizes and amenities are inferior, while its common amenities are comparable. When these differences are considered, the subject's proposed rents provide a good value to potential tenants." (p. 31)

RENT ANALYSIS (net tenant-paid rents)				
Unit	Program Max	Appraiser Market	Proposed Subject	Differential
1-BR	$608	$654	$608	-$46
2-BR/1-BA	$734	$664	$734	+$70
2-BR/2-BA	$734	$825	$734	-$91
3-BR	$853	$936	$853	-$83

Submarket Vacancy Rates: "Local property managers stated that vacancy levels in their projects have decreased in the past year. Most projects reported they are always at or near 100% occupancy. The vacancy rate in the surveyed market rate and LIHTC apartment projects is 0.5%. There were no vacancies in the LIHTC projects surveyed in the market area, while the market rate properties had a vacancy rate of 1.1%." (p. v)

Absorption Projections: "We expect that the project will fill 40 to 80 units per month and be fully occupied within two to four months, as has been the experience of other new apartment projects in the market area." (p. 43)

Known Planned Development: "There are four projects under construction in the market area [consisting of a 232-unit market rate project located 0.1 miles south, 256-unit and 1,400-unit market rate projects 2.5 miles southeast, and a 411-unit market rate project located two miles west]. In addition, there are two planned projects,...a 604-unit complex located...in the northern part of the market area [and a development of unstated size] located in the southern part of the market area...Both of the planned apartment communities are non-income-restricted developments that are not likely to compete with the subject for tenants." (p. 25)

Effect on Existing Housing Stock: "The subject is not likely to have a negative effect on the occupancy levels of area properties. Of the completed projects surveyed, all but one had a waiting list for units...The vacancy rate in the market area is 0.5% in the surveyed projects, and the two LIHTC projects built in 1999 that are completed have no vacancies. A third LIHTC project is nearly full." (p. 30)

Other Relevant Information: The market analyst stated the project's strength's include location in a growth corridor and one-half mile from the Dell Computer facility, and the lower-than-market average rents for the 1-BR and 3-BR units. The weaknesses listed were that the project's 2-BR and 3-BR units are smaller than the area average.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Round Rock is located in central Texas, approximately ten miles north of Austin in Williamson County. The site is a trapezoidally-shaped parcel located in the southeastern area of the city, approximately one and one-half miles from the central business district. The site is situated on the west side of South Creek Drive.

Population: The estimated 1999 population of Round Rock was 65,561 and is expected to increase by 26% to approximately 82,300 by 2004.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed with vacant land, single- and multifamily residential, and a city park. Adjacent land uses include:

- **North:** A city park and recreation center, with single-family residential beyond.
- **South:** New multifamily residential, with the Dell Computers Technological Center beyond.
- **East:** Single- and multifamily residential across South Creek Drive.
- **West:** Vacant land, with single- and multifamily residential and commercial properties.

Site Access: The project is to have two main entries from the north or south, the main one from a road to be built by the City of Round Rock along the western boundary of the project ("Arterial B") and a secondary one from South Creek Drive. Access to Interstate Highway 35 is 1.5 miles west, which provides connections to all other major roads serving the Round Rock and Austin areas.

Public Transportation: Public transportation is not available in Round Rock.

Shopping & Services: The site is within three miles of two major shopping centers and all other community amenities of Round Rock.

Site Inspection Findings: A TDHCA staff member performed a site inspection on September 21, 2000 and found the location to be acceptable for the proposed development but noted the following conditions: poor access, poor visibility from the main traffic artery in the area, and possible flooding from the adjacent drainage ditches. The inspector concluded that marginal conditions of access and visibility will be mitigated with the completion of the proposed street at the western boundary of the project. According to the ESA inspector, the property is not in a designated flood hazard area and has no major or minor surface water features other than a manmade drainage ditch on the western and northern sides of the property.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated May 24, 2000 was prepared by Wareing & Associates, Inc. (WAI) and contained the following findings and recommendations:

Findings: "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 4)

Recommendations: "...WAI does not recommend any further environmental investigations at the subject property at this time." (p. 4)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents are the maximum rents allowable under LIHTC guidelines, but the Applicant's use of Austin's instead of Round Rock's utility allowances caused the 1-BR net rent to be \$4 in excess of program limits, as well as causing a total net understatement of potential gross rent of \$7.2K. The Applicant used a vacancy and collection loss factor of 5% instead of the TDHCA guideline of 7.5%, which the Underwriter concurs for the short term with based on the extraordinarily low current vacancy rates documented in the market study. The Applicant used a very high secondary income estimate of \$39/unit/month instead of the TDHCA guideline of \$10; as substantiation the Applicant provided a projected income statement from a revenue sharing agreement with a cable TV and Internet access provider which showed a distribution of income to the project of \$6.38/unit/month during the first year of stabilized operations. The Underwriter therefore used a secondary income estimate of \$16.38/unit.

Expenses: The Applicant's total expense estimate of \$3,350 per unit is within 2% of a TDHCA database-derived estimate of \$3,389 per unit for comparably-sized projects. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, however, particularly general and administrative (\$17K/38% lower), repairs and maintenance (\$45K/61% lower), utilities (\$17K/58% higher), water, sewer, and trash (\$9K/17% lower), and taxes (\$47K/42% higher). In addition, the Applicant understated compliance fees by \$3.3K, and overstated replacement reserves by \$8.4K by using a \$250/unit replacement reserve instead of the TDHCA guideline of \$200/unit. The Applicant did not include estimates for the supportive services contract or for asset oversight or trustee fees, and understated debt service by \$17K by using lower bond amounts.

Conclusion: Due primarily to the differences in secondary income and debt service, the Underwriter's estimated aggregate debt coverage ratio (DCR) of 1.05 and bonds-only DCR of 1.09 are slightly less than the program minimum standard of 1.10. This suggests that the Department may have to defer or waive fees for one or more years to allow the project to maintain an acceptable operating margin. These fees could be recaptured by the end of the third year. As the project's conventional financing has been finalized and the Underwriter's proforma indicates an aggregate DCR of 1.10 by the third year of operation (with steady improvement throughout the remainder of the 30-year period), the Applicant's income and expense estimates are acceptable. The project's total debt service should be within the range of $739,156 to $839,951. The bonds are subject to a mandatory redemption that should accomplish this requirement.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $865,910 for the 8.496-acre main tract ($101,920/acre or $2.34/SF) is 187% of the 1999 tax assessed value of $462,825. No appraisal was provided. Subsequent to the original application the Applicant has negotiated an option to purchase, for $99,970, a small (0.9-acre) parcel at the southwest corner of the main tract which includes the land between the main tract and the to-be-built "Arterial B" public street. The main access road will be built on this parcel.

Off-Site Construction Costs: The Applicant claimed no off-site costs and states that the Arterial B road will be constructed by the City. Receipt of documentation of this arrangement from the City is a condition of this report.

Sitework Cost: The Applicant claimed sitework costs of $7K per unit without providing any specific justification regarding why these costs exceed the TDHCA acceptable range of sitework costs of $4.5K to $6.5K per unit. In the absence of any such substantiation, the Underwriter lowered the sitework costs to $6.5K per unit for the purpose of estimating the project's total construction budget. A third party detailed cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project is required as a condition of his report. Should such an estimate verify the need for such high sitework costs, a modification to the allocation of tax credits should be made.

Direct Construction Cost: The Applicant's direct construction cost estimate is $770K or 12% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. Although the project has some higher than "average quality" construction features such as concrete tile roofing and a high proportion of masonry veneer, the Underwriter's estimate took these feature into account. The Applicant's high costs, in addition to the high site acquisition and sitework costs, result in total development costs of $92.90/SF, significantly in excess of the TDHCA maximum guideline of $71/SF. The Applicant's explanation of this variance is taken into account in the Underwriter's $85.95/SF estimate, therefore the Underwriter's direct construction cost estimate is used to establish eligible basis.

Ineligible Costs: The Applicant incorrectly included $12,000 in Texas Department of Aging fees as an eligible cost; the Underwriter moved this fee to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis. In addition, the Applicant's eligible interim interest cost was reduced by the $285K of estimated interest income to be received during construction.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis now exceed the maximum by $121K.

Conclusion: Due to the overstatement of direct construction costs and developer's and contractor's fees, the Applicant's eligible basis is overstated by $1.2M compared to the Underwriter's estimate.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with five types of financing from three sources: an interim to permanent loan based on tax-exempt bond proceeds, syndicated LIHTC equity, deferred developer's fees, interest income from the construction escrow, and operating income during development.

Bonds: The bonds are tax-exempt and taxable private activity mortgage revenue bonds to be issued by TDHCA and placed privately with Related Capital Company. As of the date of the underwriting analysis, there will be $9,900,000 in tax-exempt bonds and $400,000 in taxable bonds, co-amortized to provide a level monthly debt service. The tax-exempt bonds will be amortized over 40 years at a fixed interest rate of 8.4% during the two-year construction period and 7.4% thereafter (interest-only payments on the bonds will be required during the construction period). The taxable bonds will be amortized based upon an accelerated schedule whereby principal payments will be applied to redeem the taxable bonds first after approximately 7.6 years. The Underwriter used a blended interest rate of 7.48% to determine the anticipated annual debt service amount.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $3,914,370 based on a syndication factor of 82%. The funds would be disbursed in a four-phased pay-in schedule:

1. 30% upon admission to the partnership;
2. 30% upon completion of 50% of construction;
3. 20% upon completion of construction;
4. 20% upon the latest to occur of: final closing of the permanent loan, receipt of IRS Forms 8609, achievement of both 93% occupancy and a debt service ratio of 1.10, and attainment of breakeven operating status.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $248,129 amount to 19% of the total fees.

Conclusion & Award Recommendation: Since the Applicant's total development costs were approximately 8% more than the Underwriter's estimate, the Underwriter's development costs were used to determine eligible basis. The applicable percentage rate was adjusted in order to reflect the current TDHCA rate of 3.64% plus 10 basis points. This adjustment results in a recommended tax credit allocation of $424,311 per year. However, based on the gap analysis the recommended allocation of credits needed is only $372,957 per year. The Applicant most recently anticipated the need to defer $248,129 in developer fee, but based on the Underwriter's analysis it is anticipated there will not be a need to defer a portion of the developer fee. In the event that the Applicant's $1,081,681 higher costs come to fruition or mandatory redemption of a small portion of the bonds due to debt coverage shortages, there should be a sufficient amount of developer fee to defer.

REVIEW of ARCHITECTURAL DESIGN

Exterior Elevations: The exterior elevations are attractive, with pitched rooflines, mixed stucco and stone veneer wall finishes, and architectural elements such as shutters and arched breezeway entrances. All units are of average size for market rate and LIHTC units, and have covered patios or balconies with outdoor storage closets and utility closets with hookups for full-size appliances. The units are in three-story walk-up structures, and each unit has a semi-private exterior entry that off an interior breezeway that is shared with three other units.

Unit Floorplans:

1. Entry to the 1-BR/1-BA unit is directly into the living area, and the dining area is adjacent. The galley kitchen and utility area are off the dining area. The bathroom and bedroom are off a short hall beyond the living area, and the bedroom has a walk-in closet.
2. The 2-BR/1-BA unit is arranged very similarly to the 1-BR unit, with the second bedroom and utility room added off the interior hallway. The master bedroom has a walk-in closet and the second bathroom has a conventional closet.
3. Entry into the 2-BR/2-BA unit is through an entryway between the kitchen and utility areas, then into the combined dining and living area. A hallway off the dining area leads to the bedrooms and one bathroom. Both bedrooms feature walk-in closets, the master bedroom also has a second, conventional closet, and both bathrooms have linen closets or storage areas.
4. Entry into the 3-BR/2-BA unit is also past the kitchen into the combined living and dining areas. The bedrooms, one bathroom, and the utility closet are accessed via an L-shaped hallway off the dining space.The master bedroom has a walk-in closet and the other two bedrooms conventional closets.

IDENTITIES of INTEREST

The Managing General Partner, the Hunt Building Corporation, is also the General Contractor. Mr. John Paul owns both the Developer, Hemma, Ltd., and the 40% owner of the Applicant, JNP Properties, Inc. These appear to be acceptable relationships.

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

Financial Highlights:

- The Hunt Building Corporation, the 41% General Partner, submitted an audited financial statement as of December 31, 1999 reporting total assets of $327M and consisting of $20M in cash, $33M in investment securities, $30M in receivables, and $8M in other current assets. Liabilities totaled $162M, resulting in total stockholders' equity of $148M.
- The 40% General Partner, JNP Properties, Inc., submitted an unaudited financial statement as of July 2000 reporting total assets of $22.7M and consisting of $403K in cash and securities, $2.8M in notes receivable, $19.4M in real property, and $150K in personal property. Liabilities totaled $15.2M, resulting in a net worth of $7.5M.
- The 19% General Partner, Investment Builders, Inc., submitted an unaudited financial statement as of March 31, 2000 reporting total assets of $6.04M and consisting of $2.24M in cash and other current assets, $72K in net property and equipment, $3.4M in development fees receivable, and $313K in other assets. Liabilities totaled $5.4M, resulting in net equity of $621K.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- Hunt Building Corporation, the Managing General Partner and General Contractor, has completed three previous LIHTC housing projects totaling 568 units since 1997, and also listed 112 projects totaling 11,134 units previously completed, under construction, or purchased since 1970. No disclosures or defaults were listed.
- Ike Monty, the owner of Investment Builders, the 19% General Partner, has completed or has under construction 23 affordable housing projects totaling 630 units since 1990. No disclosures or defaults were listed.
- No statement of experience was provided for the Developer, Hemma, Ltd., the 40% General Partner, JNP Properties, Inc., or their owner, John Paul. Receipt, review, and acceptance of same is a condition of this report. Mr. John Paul is known to have participated in several previous tax credit projects.

RECOMMENDATION

☒ RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of previous participation certificates for Hemma, Ltd., JNP Properties, Inc., and John Paul;
2. Receipt, review, and acceptance of substantiation that the City of Round Rock will construct the "Arterial B" access road at no cost to the Applicant;
3. Receipt, review, and acceptance of a third party detailed sitework cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project;
4. LIHTC allocation not to exceed $372,957 annually for ten years.
5. The project's first year of total debt service should remain in the range of $739,156 to $839,951 unless the final permanent bond size is reduced through mandatory redemption. It is likely that all or a portion of the TDHCA fees may need to be deferred or waived in the first two years.

Credit Underwriting Supervisor:	Jim Anderson	Date:	November 3, 2000
Director of Credit Underwriting:	Tom Gouris	Date:	November 3, 2000

MULTIFAMILY FI[illegible]NCIAL ASSISTANCE REQUEST: Comp[illegible]ative Analysis

Redhill Villas, LIHTC/MRB #00044T

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%)	36	1	1	675	662	$608	$21,888	$0.90	$53.80	$32.60
TC (60%)	60	2	1	886	795	$734	44,048	0.83	60.86	35.85
TC (60%)	24	2	2	962	795	$734	17,619	0.76	60.86	35.85
TC (60%)	48	3	2	1,143	918	$853	40,946	0.75	64.98	38.60
TOTAL:	168		AVERAGE:	925	$802	$741	$124,501	$0.80	$60.52	$35.94

INCOME & EXPENSE			TDHCA	APPLICANT			
POTENTIAL GROSS RENT			$1,494,009	$1,486,764			
Secondary Income	Per Unit Per Month:	$16.38	33,022	78,252	$38.82	Per Unit Per Month	
Other Support Income			0	0			
POTENTIAL GROSS INCOME			$1,527,031	$1,565,016			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%	(76,352)	(78,252)	-5.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$1,450,679	$1,486,764			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.12%	$269	$0.29	$45,241	$28,057	$0.18	$157	1.89%
Management	5.00%	432	0.47	72,534	74,388	0.48	443	5.00%
Payroll & Payroll Tax	7.79%	672	0.73	112,944	105,733	0.68	629	7.11%
Repairs & Maintenance	5.16%	446	0.48	74,848	29,537	0.19	176	1.99%
Utilities	2.06%	178	0.19	29,865	47,191	0.30	281	3.17%
Water, Sewer, & Trash	3.77%	325	0.35	54,669	45,490	0.29	271	3.06%
Insurance	1.82%	157	0.17	26,412	27,413	0.18	163	1.84%
Property Tax 2.4216544	7.74%	668	0.72	112,214	159,216	1.02	948	10.71%
Reserve for Replacements	2.32%	200	0.22	33,600	42,000	0.27	250	2.82%
Other: Security & compl. fees	0.49%	42	0.05	7,061	3,793	0.02	23	0.26%
TOTAL EXPENSES	39.25%	$3,389	$3.66	$569,387	$562,818	$3.62	$3,350	37.86%
NET OPERATING INC	60.75%	$5,246	$5.67	$881,292	$923,946	$5.94	$5,500	62.14%
1st Lien Mortgage	55.94%	$4,831	$5.22	$811,549	$794,292	$5.11	$4,728	53.42%
Trustee Fee	0.24%	$21	$0.02	3,500	0	$0.00	$0	0.00%
TDHCA Admin Fees	0.71%	$61	$0.07	10,300	0			
Asset Ovrst & Compliance Fees	0.75%	$65	$0.07	10,920	932	$0.01	$6	0.06%
NET CASH FLOW	3.10%	$268	$0.29	$45,023	$128,722	$0.83	$766	8.66%
AGGREGATE DEBT COVERAGE RATIO				1.05	1.16			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO				1.08				
BONDS-ONLY DEBT COVERAGE RATIO				1.09				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		7.23%	$5,749	$6.21	$965,880	$965,880	$6.21	$5,749	6.69%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.17%	6,500	7.03	1,092,000	1,175,980	7.57	7,000	8.14%
Direct Construction		46.63%	37,076	40.08	6,228,770	6,998,582	45.03	41,658	48.47%
Contingency	5.00%	2.74%	2,179	2.36	366,038	0	0.00	0	0.00%
General Requireme	6.00%	3.29%	2,615	2.83	439,246	490,474	3.16	2,919	3.40%
Contractor's G &	2.00%	1.10%	872	0.94	146,415	163,491	1.05	973	1.13%
Contractor's Profit	6.00%	3.29%	2,615	2.83	439,246	490,474	3.16	2,919	3.40%
Indirect Construction		6.48%	5,155	5.57	866,108	866,108	5.57	5,155	6.00%
Ineligible Expenses		1.88%	1,498	1.62	251,700	251,700	1.62	1,498	1.74%
Developer's G & A	1.52%	1.17%	927	1.00	155,716	0	0.00	0	0.00%
Developer's Profit	13.00%	9.96%	7,917	8.56	1,330,088	1,485,804	9.55	8,844	10.29%
Interim Financing		4.89%	3,891	4.21	653,621	938,207	6.04	5,585	6.50%
Reserves		3.17%	2,519	2.72	423,113	612,923	3.94	3,648	4.24%
TOTAL COST		100.00%	$79,512	$85.95	$13,357,942	$14,439,623	$92.90	$85,950	100.00%

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Bond Proceeds	77.11%	$61,310	$66.27	$10,300,000	$10,300,000	$10,300,000	Max. Cost Guideline
LIHTC Syndication Proceeds	29.30%	$23,300	$25.19	3,914,370	3,914,370	3,057,942	$11,586,859
Interest & NOI During Dev't.	0.00%	$0	$0.00	0	284,586	0	
Deferred Developer's Fee	1.86%	$1,477	$1.60	248,129	248,129	0	
Additional (excess) Funds Require	-8.27%	($6,575)	($7.11)	(1,104,557)	(307,462)	0	
TOTAL SOURCES				$13,357,942	$14,439,623	$13,357,942	

Redhill Villas, LIHTC/MRB #00044T

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

39.4472

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$37.93	$5,894,943
Adjustments				
Frame	3.20%		$1.21	$188,638
Elderly			0.00	0
Roofing (conc. tile)			3.25	168,376
Subfloor			(1.86)	(289,089)
Floor Cover			1.72	267,329
Plaster Interior			0.00	0
Plumbing	$555	216	0.77	119,880
Built-In Appliances	$1,475	168	1.59	247,800
Fireplaces	$1,975	1	0.01	1,975
Floor Insulation			0.00	0
Heating/Cooling			1.32	205,160
Stairs	$1,450	56	0.52	81,200
Comm &/or Aux bldngs	$52.76	3,194	1.08	168,509
Porches & Corridors	$16	27,098	2.79	433,565
SUBTOTAL			50.35	7,825,038
Current Cost Multiplier	1.09		4.53	704,253
Local Multiplier	0.89		(5.54)	(860,754)
TOTAL DIRECT CONSTRUCTION COSTS			$49.34	$7,668,538
Plans, specs, survy, bld pr	3.90%		($1.92)	($299,073)
Interim Construction Intere	3.38%		(1.67)	(258,813)
Contractor's OH & Profit	11.50%		(5.67)	(881,882)
NET DIRECT CONSTRUCTION COSTS			$40.08	$6,228,770

61,374

PAYMENT COMPUTATION

Primary	$10,300,000	Term	480
Int Rate	7.48%	DCR	1.09

Secondary	$3,014,370	Term	
Int Rate		Subtotal DCR	1.08

Additional	$284,586	Term	
Int Rate		Aggregate DCR	1.05

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$811,549
Trustee Fee	3,500
Compliance, Administration, & Ser	21,220
NET CASH FLOW	$45,023

Primary	$10,300,000	Term	480
Int Rate	7.48%	DCR	1.09

Secondary		Term	
Int Rate		Subtotal DCR	1.09

Additional		Term	
Int Rate		Aggregate DCR	1.05

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	$1,494,009	$1,538,829	$1,584,954	$1,632,544	$1,681,520	$1,949,342	$2,259,822	$2,619,753	$3,520,729
Secondary Income	33,022	34,013	35,033	36,084	37,167	43,086	49,949	57,904	77,819
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,527,031	1,572,842	1,620,027	1,668,628	1,718,687	1,992,429	2,309,771	2,677,658	3,598,548
Vacancy & Collection Loss	(76,352)	(78,542)	(81,001)	(83,431)	(85,934)	(99,621)	(115,489)	(133,883)	(179,927)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,450,679	$1,494,300	$1,539,026	$1,585,196	$1,632,752	$1,892,807	$2,194,282	$2,543,775	$3,418,621
EXPENSES at 4.00%									
General & Administrative	$45,241	$47,050	$48,932	$50,889	$52,925	$64,391	$78,342	$95,315	$141,090
Management	72,534	74,710	76,951	79,260	81,638	94,640	109,714	127,189	170,931
Payroll & Payroll Tax	112,944	117,462	122,160	127,047	132,129	160,755	195,583	237,956	352,233
Repairs & Maintenance	74,848	77,842	80,955	84,193	87,561	106,532	129,612	157,693	233,424
Utilities	29,865	31,060	32,302	33,594	34,938	42,507	51,717	62,921	93,139
Water, Sewer & Trash	54,669	56,856	59,130	61,495	63,955	77,811	94,669	115,179	170,494
Insurance	26,412	27,468	28,567	29,709	30,898	37,592	45,736	55,645	82,368
Property Tax	112,214	116,703	121,371	126,226	131,275	159,716	194,319	236,418	349,957
Reserve for Replacements	33,600	34,944	36,342	37,795	39,307	47,823	58,184	70,790	104,787
Other	7,061	7,343	7,637	7,943	8,260	10,050	12,227	14,876	22,021
TOTAL EXPENSES	$569,387	$591,437	$614,348	$638,152	$662,865	$801,817	$970,103	$1,173,983	$1,720,443
NET OPERATING INCOME	$881,292	$902,762	$924,678	$947,044	$969,887	$1,090,990	$1,224,179	$1,369,791	$1,698,178
DEBT SERVICE									
First Lien Financing	$811,549	$811,549	$811,549	$811,549	$811,549	$811,549	$811,549	$811,549	$811,549
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin Fees	10,300	10,257	10,212	10,162	10,109	9,774	9,289	8,583	6,072
Asset Ovrst & Compliance Fees	10,920	11,357	11,811	12,284	12,775	15,543	18,910	23,007	34,056
NET CASH FLOW	$45,023	$66,099	$87,606	$109,549	$131,934	$250,624	$380,932	$523,152	$843,001
AGGREGATE DCR	1.05	1.08	1.10	1.13	1.16	1.30	1.45	1.62	1.99
BONDS & TRUSTEE FEE-ONL	1.08	1.11	1.13	1.16	1.19	1.34	1.50	1.68	2.08
BONDS-ONLY DCR	1.09	1.11	1.14	1.17	1.20	1.34	1.51	1.69	2.09
						191,279	315,778	452,042	683,076
Cumulative Cash Flow	$45,023	$111,122	$198,728	$308,277	$440,211	1,396,605	2,975,494	5,235,705	12,066,470

LIHTC Allocation Calculation - Redhill Villas, LIHTC/MRB #00044T

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	$965,880	$965,880		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,175,980	$1,092,000	$1,175,980	$1,092,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard cost	$6,998,582	$6,228,770	$6,998,582	$6,228,770
(4) Contractor Fees & General Requirements				
Contractor overhead	$163,491	$146,415	$163,491	$146,415
Contractor profit	$490,474	$439,246	$490,474	$439,246
General requirements	$490,474	$439,246	$490,474	$439,246
(5) Contingencies		$366,038		
(6) Eligible Indirect Fees	$866,108	$866,108	$866,108	$866,108
(7) Eligible Financing Fees	$938,207	$653,621	$938,207	$653,621
(8) All Ineligible Costs	$251,700	$251,700		
(9) Developer Fees				$1,479,811
Developer overhead		$155,716		
Developer fee	$1,485,804	$1,330,088	$1,485,804	
(10) Development Reserves	$612,923	$423,113		
TOTAL DEVELOPMENT COSTS	$14,439,623	$13,357,942	$12,609,119	$11,345,217

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		$12,609,119	$11,345,217
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$12,609,119	$11,345,217
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$12,609,119	$11,345,217
Applicable Percentage		3.74%	3.74%
TOTAL AMOUNT OF TAX CREDITS		$471,581	$424,311
Syndication Proceeds	0.8199	$3,866,578	$3,479,003

Actual Gap of Need	**$3,057,942**
Gap-Driven Allocation	**$372,957**
Request	**$477,410**
Eligible Basis-Driven Allocation	**$424,311**

Applicant Evaluation

Project ID # **060622** Name: **Red Hill Villas** City: **Round Rock**

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: 16

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

in noncompliance: 0

Projects grouped by score:
- zero to nine: 13
- ten to nineteen: 2
- twenty to twenty-nine: 1

monitored with a score less than thirty: 16

Projects not reported in application: Yes ☐ No ☑

not yet monitored or pending review: 2

of projects not reported: 0

Portfolio Monitoring		**Single Audit**		**Portfolio Analysis**	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 5/31/2006

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (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	A. Martin	Reviewer	Sandy M. Garcia	Reviewer	David Burrell
Date	5 /25/2006	Date	5 /30/2006	Date	6 /1 /2006

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Raul Gonzales	Reviewer	Melissa M. Whitehead
Date	5 /31/2006	Date	5 /26/2006	Date	8 /21/2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(RED HILLS VILLAS) SERIES 2006

PUBLIC HEARING

Cafetorium
Gattis Elementary School
2920 Round Rock Ranch Blvd.
Round Rock, Texas

June 1, 2006
6:18 p.m.

BEFORE:

Shannon Roth

I N D E X

P R O C E E D I N G S

MS. ROTH: Okay. Let's go ahead and get started; I have about 6:18 on my watch. I'm Shannon Roth, and I'm with the Texas Department of Housing, and I wanted to give you the form of this evening's hearing.

First I'll do a presentation of the program the developer has applied for. Then we'll have Anna Ochoa, who's the representative for the developer, Hunt Building Corporation, come up or sit there and give a little presentation with some specifics on the development. Then I'm going to give the IRS speech. At the conclusion of the speech, we'll open the floor for public comment.

According to the IRS Code, the Department is only required to take public comment on the bond issuance. However, TDHCA has extended this to take comment on the development itself. We're not required to do that, but we want community input.

TDHCA also schedules a public hearing where the development is to be located at a time and location that is convenient for the community.

The program that the developer has applied for is a private activity bond program. The program was created by the federal government to encourage private industry to build quality housing that is affordable to individuals and families with lower-than-average incomes.

The Private Activity Bond Program refers to the issuance of tax-exempt bonds. The tax exemption is not an exemption of property tax, but rather an exemption to the purchase of the bond -- purchaser of the bond. The bond purchaser does not have to pay taxes on the investment and the income they make on that investment.

The bond purchaser accepts a lower rate of return; therefore, the lender involved will charge a lower interest rate for the mortgage that would be placed on the property to the developer.

In conclusion, the benefit goes to the investors that help finance the development. This is what gives the developer the opportunity to bring something of high quality to your area. And all of these properties are privately owned and privately managed.

Just a few other facts: The ongoing responsibilities between the affordable housing developments and the TDHCA include: state compliance monitoring. The compliance period with the state is the greater of 30 years or as long as the bonds are outstanding.

The oversight responsibilities includes the units are occupied by eligible households, physical appearance, rents are capped at the appropriate level, and repair reserve accounts are established and funded.

The private activity bond developments are monitored every two years by TDHCA and desk reviews are done quarterly. After lease-up, a survey is usually done to determine the tenant profile and the type of tenant services that would be of interest to the tenants.

These services can include tutoring, honor roll programs, computer access or educational classes, after-school activities, summer camp, healthcare screening, immunizations for school children, ESL classes or GED certification programs, financial planning, credit counseling and down-payment assistance.

Ms. Ochoa, if you would like to give a brief --

MS. OCHOA: Yes. Red Hills Villas, which is the name of the development, is located at 14018 A.W. Grimes Boulevard. The purpose of this refinance is to acquire new debt on the property which is much lower than the original debt.

The original debt is 9.9 million on the A bonds, with $400,000 on the subordinate bonds. The new debt will approximately be $4.92 million, which is what we currently have requested from the TDHCA, and we hope that the new bond issuance with the lower interest rate will be able to provide more favorable financing for the developer and actually be supported by the actual rents that we're receiving on the property.

We don't plan on -- the property will stay at the status quo at this point and continue to function the way it's normally functioned.

MS. ROTH: Okay.

MS. OCHOA: Can there be questions?

MS. ROTH: If you'd like. I'm going to read the speech the IRS requires us to read, and then I'm going to open the floor for public comment and then you're more than welcome to give your questions.

Good evening. My name is Shannon Roth. I would like to proceed with the public hearing. Let the record show that it is 6:20 Thursday, June 1, 2006.

We're at the Gattis Elementary School located 2920 Round Rock Boulevard, Round Rock, Texas. I am here to conduct a public hearing on the behalf of the Texas Department of Housing and Community Affairs with respect to an issuance of tax-exempt multifamily rental housing mortgage revenue bonds, the Series 2006 bonds.

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

No decisions regrading the development will be made at this hearing. The Department's board is scheduled to meet to consider this transaction on July 28, 2006.

In addition to providing your comments at the 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 July 14, 2006.

The bonds will be issued as tax-exempt multifamily mortgage revenue bonds in the aggregate principal amount not to exceed 4,900,000 and taxable bonds, if necessary, in an amount to be determined.

The bonds will be 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 South Creek Housing, Ltd., or a related person or affiliate entity thereof, for the following purposes: paying a portion of the costs of issuing Series 2000A bond; refunding a portion of the multifamily mortgage revenue bonds (Red Hills Villas) Series 2000, the proceeds of which were loaned to South Creek Housing, Ltd.

The multifamily rental housing community will be initially owned and operated by South Creek Housing, Ltd., or a related person or affiliate thereof.

I would now like to open the floor for public comment. And I believe we have one person who'd like to speak, Ms. Linda Durning.

MS. DURNING: Hi. Thank you so much for bringing this forward. First of all, how many meetings are going to be taken place before this is finalized?

MS. ROTH: How many board meetings?

MS. DURNING: Yes.

MS. ROTH: We have one on June 9. Then we have one on June 26, and then we have one on July 13.

MS. DURNING: Okay. And where are those going to be held?

MS. ROTH: They're generally held downtown at the Capital. All that information is posted on our website, and we do have some business cards over there that have our web address on there. And it's usually at the Capital; the meetings are held there.

MS. DURNING: Okay. Like in the bond review room?

MS. ROTH: No. I don't know exactly what particular meeting room. That is available on our website at least seven days prior to each meeting. You can look and see the agenda, what items are going to be considered, as well as the time and the exact room of the meeting.

MS. DURNING: Okay. Regarding this, what is it going to take to pass the bond? I mean, what kind of majority vote -- or if anybody asks for it, do they automatically get it? I mean, what criteria is going to be based on getting this money to this developer?

MS. ROTH: Well, since this is a refunding, I'm not -- I'll be honest with you; I'm not all that familiar with it. I know the board -- it is a majority vote for the board.

MS. DURNING: A majority vote for what board?

MS. ROTH: For our TDHCA board.

MS. DURNING: Okay.

MS. ROTH: Right. They will vote on it. Because this is a refunding, I don't know if it will be underwritten. I don't know that. Generally, if this was a brand-new development that had never received bonds, it would be based on the financial feasibility.

But because it's already built and has already received bonds before, I guess underwriting would still review it and take a look at it. That's a question I'm sorry I'm not really -- I can get back to you on that, but I'm not able to answer that.

MS. DURNING: Okay. Yes. Because I'm not sure if this is just an automatic thing, if nobody has any input. There's reasons probably why people haven't come, because it was pretty well, for lack of a better word, railroad last time. We have very ill feelings in our community because of this.

If this does go in, what kind of -- you said the regulations that we're going to put in place was state compliance; it would be monitored every two years. Is that correct?

MS. ROTH: Those regulations are already place.

MS. DURNING: In effect?

MS. ROTH: And they have been since it went online.

MS. DURNING: Okay.

MS. ROTH: It has been monitored by our compliance division.

MS. DURNING: And also it's also audited quarterly? Is that correct?

MS. ROTH: It's my understanding that they do a desk review. Now, unfortunately, I don't work in the compliance division. I don't know what their desk review consists of. My guess is they'll review the same that they review when they come out to the property.

They review to make sure that the tenants that are in the unit fall under the appropriate income levels for the rent-restricted units.

MS. DURNING: Okay.

MS. ROTH: And all the paperwork involving that is at -- Ms. Ochoa, have you been involved in any of the compliance reviews, or someone from the property management maybe can speak to that better than me?

MR. BOYETT: Yes. We have been audited by TDHCA.

MS. ROTH: Could you please state your name?

MS. BOYETT: Toni Boyett with Capstone Real Estate Services. Yes. We had a audit go on of the files and the property and everything by TDHCA.

MS. DURNING: Okay. And you're the property manager right now. Is that correct?

MR. BOYETT: Actually I'm the supervisor.

MS. DURNING: Okay. So right now we're looking at 4.9 million to refinance, for a better word. Right?

MS. OCHOA: Yes, ma'am. That is correct.

MS. DURNING: Initially, the debt was 9.9. I thought it was 10.8 before -- million -- initially.

MS. OCHOA: It's 9.9 with a sub bond of 400,000, which would bring it to 10.3.

MS. DURNING: Okay.

MS. OCHOA: And the difference between those two would be paid down by the developer.

MS. DURNING: So the 10.3 is what he received initially?

MS. OCHOA: Yes.

MS. DURNING: So the 9.9 exists now. Is that correct?

MS. OCHOA: Well the bond is in two parts. It's in 9.9 and $400,000.

MS. DURNING: Okay. So what part of that has been paid down? Anything?

MS. OCHOA: Well, no. That's the full principal that's outstanding. What will happen with this refinance is when the bonds are issued, the developers at that point in time will pay down the original bond issuance with the new proceeds and cash.

MS. DURNING: Okay. So I guess my question is so right now he really hasn't decreased what he originally borrowed -- is that correct? -- of 9.9 plus 400 is 10.3. So is he asking for an additional 4.9 million to make it 14?

MS. OCHOA: No. The only debt that will be on the property after this -- if the refinance takes place, will be the amount of the refinance. So basically it will have new debt and the developer will pay down the difference between the original debt and the new debt that is put into place.

MS. DURNING: So between 10.3 and 4.9 million -- is that what you're saying he has to pay 6.4 million out of his own pocket?

MS. OCHOA: Approximately. Yes.

MS. DURNING: Or -- now, if he doesn't get this money, what happens?

MS. OCHOA: Well, that's a whole other question but basically right now all the debt service has been paid by the developer, will be continued to be paid by the developer.

This would just add some relief to the property and lower the debt on the property. I mean, the other scenario would be just to pay down additional principal. Right now the payments are being made according to the amortization schedule that is currently on the two bond issuances, and I believe at this point in time they're still in the interest-only period.

MS. DURNING: So, in other words, a balloon is going to happen. Is that why he's asking for --

MS. OCHOA: No. There's not a balloon that's scheduled on the existing debt.

MS. DURNING: Okay. So why would he want to do this if he can pay this much? Why would he want --

MS. OCHOA: Because the new debt has a lower interest rate.

MS. DURNING: And how much is the interest rate?

MS. OCHOA: What's been requested is 5.75 percent.

MS. DURNING: Okay. And what was it before?

MS. OCHOA: Im not 100 percent sure. I think it's somewhere between 7 and 8 percent.

MS. DURNING: Okay. What I'm going to do is I'll bring this back to my neighborhood, you know, so I'm going to try to get as much information as I can. And this 4.9 million, how much time is necessary to pay that back? What's the loan time?

MS. OCHOA: It will just go out as the existing debt is right now.

MS. DURNING: Which is?

MS. OCHOA: Well, the existing debt, I believe, was on a 30-year term, and so it will be the difference of when that first one was issued and the 30-year term, which I think right now is approximately about 25 years.

MS. DURNING: Okay. And this is still going to be Section 8 housing. Is that correct?

MS. OCHOA: It's not Section 8. It's low income tax credit.

MS. DOUGLAS: Is there anything I need to do?

MS. ROTH: Do you wish to make public comment?

MS. DOUGLAS: Yes.

MS. ROTH: Okay. Then you'll need to fill out one of the witness affirmation forms, and you can sign in.

MS. DURNING: And, one more time, regarding if this money doesn't get transferred to the developer, what will happen to the units?

MS. OCHOA: They stay in place as is.

MS. DURNING: Okay.

MS. OCHOA: The current payments are not in default. They're being paid on a timely basis by the developer.

MS. DURNING: Are there issues right now with renting the properties out?

MS. OCHOA: No. I believe we're at 98 percent occupancy.

MS. DOUGLAS: Excuse me. But for the development or opposed to the development -- does that mean that I'm against what they're doing or I'm for what --

MS. ROTH: Do you either support the refinance of the development or you oppose the refinance of the development. Yes. You're either for it or against it.

MS. DOUGLAS: Okay. I might not know why we're here.

MS. ROTH: Are you a resident of the property?

MS. DOUGLAS: yes.

MS. ROTH: Okay.

MS. DOUGLAS: I just heard that there was a meeting, and I got a lot of issues of stuff that has been going on over there.

MS. ROTH: Okay.

MS. DOUGLAS: And that's why I came, so I'm not sure --

MS. ROTH: Okay.

MS. DOUGLAS: I'm just really wanting to say my piece about what's going on over there.

MS. ROTH: If you'd like, you don't have to check one of those boxes. That's okay. And like I said, if you do want to speak, if you would fill out one of those forms and just give it back to me.

MS. DOUGLAS: Okay.

MS. ROTH: Sorry, ma'am.

MS. DURNING: Okay. And, Toni, how many people do you have working with you currently as far as management is concerned?

MS. BOYETT: At Red Hills?

MS. DURNING: Yes.

MR. BOYETT: I have two in the office and two outside, so a total of four.

MS. DURNING: Okay. And you're with Capstone. Right?

MR. BOYETT: Capstone Real Estate Services.

MS. DURNING: And did you all take it over from the initial group that was there?

MR. BOYETT: We took over management January 2004.

MS. DURNING: Okay. I basically had a lot of questions, so I do apologize. Do you all have any questions for me?

MR. BOYETT: Who are you representing?

MS. DURNING: South Creek Neighborhood Association.

MS. DOUGLAS: So does this need to stay in this building or can I sign this while I'm --

MS. ROTH: As soon as Ms. Durning is finished talking, it will be your turn. So it's probably going to be within the next minutes. So you will need to fill out and give it back to me now, and then you'll be speaking within the next five minutes, and then --

MS. DURNING: Actually, I'm through.

MS. ROTH: So if you want to fill it out and we can take your comment at this time?

(Pause.)

MS. ROTH: Ms. Durning, if you have further questions, please be sure to pick up one of our cards and contact either myself or Teresa Morales.

MS. DURNING: Okay.

MS. ROTH: She would know more about the refinance process than I would, and she might be able to answer your questions, and she can definitely be reached by e-mail or telephone, however is convenient for you.

MS. DURNING: Yes. I will.

(Pause.)

MS. DURNING: Do you know perchance what the other apartment, as far as occupancy is, the one next to you -- is it South Creek Villas? -- right now?

MS. TESSEYMAN: They're running about 93 occupied, 95 percent leased.

MS. ROTH: I'm sorry. When you speak, please say your name and who you are with.

MS. TESSEYMAN: Sonya Tesseyman with Red Hills Villas.

MS. DURNING: You're with the Red Hills?

MS. TESSEYMAN: Yes.

MS. DURNING: Okay.

(Pause.)

MS. ROTH: Ma'am, if you want to go ahead and maybe make your comments or ask your questions, you can give that to me afterwards.

MS. DOUGLAS: Oh, okay.

MS. ROTH: And please state your name for the record, also.

MS. DOUGLAS: My name is Tamara Douglas. There's a lot of stuff going on just here lately. I mean, I don't -- I think we do have new management or something; I'm not sure. I just left a note in the office about two weeks ago, and I went there in person, and I saw somebody I had never seen before. I know it was a guy that used to be there. I didn't know his name, but that was the last person that was nice to me there.

Anyway, about the last -- okay. First of all, I mean, I'm not sure how they -- I know they can't control how people -- tenants end up being once they move in. You know, people can just put on like they -- you know, this type of way or whatever, and once they get in there, you don't know what they going to do.

But the tenants that have been coming in lately are just -- I mean, they have me scared; I'll put it that way. I'm constantly checking my doors, constantly peeking out the windows, checking the car and stuff because you see people wandering around 2:00 or 3:00 in the morning, you know, just hanging out.

And it just don't look right; it looks like something is going on like illegal; I'll put it that way. It's just like -- it'd be so late at night [inaudible].

Anyways -- so that was the first thing and that wasn't that big a problem, because I know that, like I said, management or whoever is managing, they don't know how people are going to be whenever they go through whatever they have to go through, and if they pass, they pass and you never know what's going to actually happen.

But on top of that, two or three weeks ago, I had some visitors over in my house, and first of all let me say I was wrong with this. They wanted to go to the pool area -- right? -- to swim and my sister had said that her oldest son was old enough; come to found out he's not. I don't really know how old they are. I got so many nieces and nephews and kids in my family I lose track of their names sometimes.

But anyway, I wasn't sure how old he was, but he's a big boy and she said that he was old enough, so all the kids -- was about three of them that went with him -- four in all. Anyway, so they went to the pool area. He came back home -- back to my house or whatever.

But anyway he came home, and when he got there, his mom said, Where's the other kids? And he said, They're still at the pool. And she said, Well, you need to go get them.

Well, before he could even go get them, the police had brought them to the house. Somebody had called them and said, These kids are down there by themselves. So they called and brought them in or whatever, and we was like, Sorry; we were just, you know, sending down to get them. But they brought them on; that was fine.

But when they came in, the little girl that was with me, my niece, she started crying and we was like, Why are you crying? And she had said someone had said a racial slur to her.

So anyways, though, they -- so when they -- she said that the lady had like shouted out a racial slur to them and embarrassed them in front of everybody, so she was -- and then after doing that, calling them a racial slur, she called the police on them.

So the whole thing just didn't look right to her and she was embarrassed by it and she started crying. So anyway we said, What did she say? She said, She called us them colored kids, them colored kids.

She was pointing to them like that: them colored kids over there. They're out here; nobody was with them. And everybody already knows what colored means, what it used to mean back then, and all that, and we just don't need to go there no more. You know, we're done past that. Leave that where it's at.

So anyway though we got upset; me and her mom got upset. We went down there and let the lady know, you know, that you was out of line. That's a sign of ignorance. Don't do that, blah, blah, blah and that was basically it.

Well, these people that's there, they got upset. It wasn't so much the lady; it was the people that were there. They got upset, because they were saying we shouldn't be saying nothing to her or whatever.

They called the laws again while we were there. Okay? So the laws came, because I told them before when they was calling, I said, The laws is not going to do nothing for me coming out here to speak to you about what you do. I said, I'm not calling you names like you called my family names. I'm not doing none of that.

I said, I'm simply letting you know that that's ignorant. Don't do that. The next time you get ready to speak to somebody, think about what you're going to say before you say it, because that's out of line.

So sure enough, when the police came, the police was like, Ma'am -- they were more so against what the lady was doing rather than us, and I said what I had to say while the cops were there to the lady, and told her.

And he said, Okay -- he started talking to the lady, and I said, Well, I'm finished. I'm just going to go on and go home. I just go on; he didn't say nothing to me.

The people that was trying to defend her said she didn't do nothing. He said, Well, they have to have done something, because when we dropped the kids off, they were fine with it. So somebody had to have done something for them to be upset, and that's when the older lady come up and said, Yes, I did. I called them that, you know, whatever.

So he starts talking to them, and he let us go on and go home. So that was that.

The next week -- that happened like on a weekend. Well, that next week, when I come home from work, I got a note on my door saying that I have an animal in my home that's unauthorized. Lie. I don't even like dogs, cats, none of that. You know, I'm scared of them -- scared of dogs and don't like cats.

Anyway, then they said that my family was at the pool throwing beer bottles in the pool. I'm a woman of God. I'm in church. I don't even drink. Where would we get beer bottles from to throw them into the pool?

Okay. And then she said that somebody had -- I'm saying she, because the lady I talked to that complained -- I don't know who wrote this out. Then they said that we had made someone feel uncomfortable in their surroundings.

How do you think I feel when you calling us them colored folks? I know how people felt back then when we were called that, so I know how we were treated and way we felt.

So how do you think I feel when somebody confirms to me that -- well, how do you think I feel? Do you think I feel comfortable knowing what people did to make sure that you know the extent of how much they feel you are not one of us? You are not important to us.

MS. ROTH: Did you have any other comments or did you -- or was that?

MS. DOUGLAS: No. My thing was I know you guys, why you -- okay. This is my whole thing. So anyway, though, we get the note on my door -- right? -- so I went to let the lady know that this stuff is false, and the only thing is true is the part about the kids being down there, because they also wrote on there about the kids being down there when nobody was old enough. Just so happened that my sister and her kids come.

MS. ROTH: We do have some people here from the management company. You might just maybe get their card.

MS. DOUGLAS: That's it. I don't know who's even with management. The office is always closed, ma'am. Most of the time -- you know, when I say always I don't mean always, but like the majority of the time you go by there it's closed. I remember used to only would close an hour or two during the day time and it would be open from like 8:00 in the morning to six o'clock in the evening.

Now it's like maybe open four hours a day. I mean, it's like closed all the time. I paid my water bill about two months ago. The bill has still not been paid. I was going to go up there and talk to them in the office about that, because I still got the stub, thank God; you know, I didn't throw it away where I paid it, and my bill was still -- it hasn't dropped yet. So I don't know what they did with the money, but somebody took my money order and didn't pay my water bill.

MS. ROTH:

MS. DOUGLAS: Then the stuff that they put on that paper about what so-called happened, they were telling me that it can't be erased. So I asked them, I said, Okay -- because they said that they have proof that this stuff happened. So this is what I told them: I said, when a police officer -- first of all, when they go to a site to do whatever they're doing, before they leave that scene, they're going to have to write down everything that happened.

SO I told them, I said, I'm telling you what I'm telling you is the truth. I'm saying, you know, people have to weigh both sides. They don't know who's telling the truth. But that law does.

So I told them, I said, Get that police. I said, If you can get that police up here with us, he will let you know, ma'am, because all he has to do and pull it up. Okay. This is what happened that day. And I said, I guarantee you he will let you know there wasn't no beer bottles thrown in no pool and all this other hoopla or whatever.

And as far as the animal goes in my house, I said, You can simply just go around the neighborhood, everybody will let you know, Oh, she don't even like dogs. Whenever we come outside with our dogs, she holding her baby.

And when we go to the car before they all come out, if I see them opening their door and I hear a woof -- Can you hold it real quick so I can get into my car? Because I just don't like dogs.

So for this stuff to be on my -- my reasons for coming here was, I was told that there was nothing that I can do about it and that if anything does happen with me again in that apartment -- I've got a three-year-old baby. Only God knows what can happen. You know what I'm saying?

So this what she told me: There is nothing I can do about that being on my file but it's not going to hurt anything as long as I don't get evicted or if I don't do anything else, because if I do anything else, what will happen is that will be added to what's already on there, and then it'll be part of my eviction.

MS. ROTH: Okay.

MS. DOUGLAS: The reason for my eviction. I'm not going to settle for that, because how you going to hold something false against me? So I want to talk to that law. I feel like my legal rights should be -- that I should be able to get the number or whatever I need to get -- the code or whoever -- the name of those laws to get over there and verify my information to get that off of my history. I don't see how I should be held against that's not true.

MS. ROTH: These are issues that I can't handle for you. You'll have to probably talk -- you'll need to talk with the management of the property. We do have a representative here this evening.

MS. DOUGLAS: Okay.

MS. ROTH: Thank you for your comment. And I'm going to go ahead and conclude the hearing now. I appreciate everyone's attendance and patience. All the comments have been recorded. It is now 6:50.

(Whereupon, at 6:50 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Red Hills Villas public hearing

LOCATION: Round Rock, Texas

DATE: June 1, 2006

I do hereby certify that the foregoing pages, numbers 1 through 29, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Sunny L. Peer before the Texas Department of Housing and Community Affairs.

2/21/2001
(Transcriber) (Date)

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2006 Variable Rate Demand Multifamily Housing Revenue Refunding Bonds

Champion's Crossing Apartments
245 Champion's Boulevard
San Marcos, Texas

San Marcos AH-104, Ltd.
156 Units
$5,125,000 – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of the Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds Series 2006 for the Champions Crossing Apartments.

Requested Action

Approve, Deny or Approve with Amendments the refunding of Champions Crossing Apartments.

Background and Financial Summary

The bonds for the Champions Crossing Apartments were originally issued through Capital Area Housing Finance Corporation in May of 2000. The original bond amount was $7,231,000 which was privately placed with CharterMac Municipal Mortgage for a term of forty years with a fixed interest rate of 7.375%. The San Marcos apartment market area suffered from an oversupply of Class A apartment developments shortly after this property placed in service. Occupancy and rental rates, especially market rate properties, plummeted to competing level with affordable properties and homeownership was more desirable due to low mortgage interest rates. The apartment market is beginning to recover to meet demand, however the required restricted rents on the property have kept the development from being able to generate sufficient cash flow on a consistent basis to pay existing debt service which has been paid by the development owner to keep the property from going into default.

Because of these circumstances the applicant is requesting the Department's approval to refund (in essence, refinance) the existing fixed rate, private placement structure with a variable rate demand, publicly offered structure in an amount not to exceed $5,125,000 with an estimated amortization rate of 5.25% with a 6.00% rate cap. The lower interest rate and lower debt will allow the development to meet the debt service obligation. The general partner will contribute $2,133,510 as a subordinated cash loan that will be repaid with cash flow after the deferred developer fees are paid and will be combined with the refunded amount of $5,125,000 to payoff the existing bond amount of $7,083,104. The appraised value of the property is $6,073,651. The bonds will be credit enhanced by Fannie Mae with a AAA rating. CharterMac Mortgage Capital (Fannie Mae DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 amortized over 30 years.

Recommendation

Staff recommends the Board approve the Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds Series 2006 the Champions Crossing Apartments development because of the reduction in the serviceable debt due to the redemption of outstanding bonds, cash equity provided by the partnership, reduction is interest rate, equity position in the debt structure, financial feasibility and Fannie Mae credit enhancement.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT: Champions Crossing Apartments, San Marcos, Hays County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2006

BACKGROUND: In May 2000, Capital Area Housing Finance Corporation issued Multifamily Housing Revenue Bonds Series 2000 (Champions Crossing Apartments), in the aggregate principal amount of $7,231,000 in order to finance the costs of acquiring, constructing, and equipping a multifamily rental housing development located in San Marcos, Texas. The Series 2000 Bonds were privately placed with CharterMac Municipal Mortgage with a fixed interest rate of 7.375% with an amortization of forty years. The Development has not been able to generate sufficient cash flow for the existing debt service. The Applicant proposes to refund the 2000 Series Bonds with an issuance of new bonds with a variable rate of interest, credit enhanced with Fannie Mae with an anticipated AAA rating on the Bonds.

BOND AMOUNT: $5,125,000 Series 2006 Tax Exempt bonds (*)
$5,125,000 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 anticipated closing date is September 12, 2006.

BORROWER: San Marcos AH-104, Ltd., a Texas Limited Partnership, the general partner of which is TWC Housing, L.L.C., wholly owned by Hunt ELP, Ltd. which is jointly owned by HB GP, LLC (W.L. Hunt owning 95.7265% and M.L. Hunt owning 4.2735%) and Hunt Company, LLC (wholly owned by Hunt Building Corporation. Related Capital or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on August 21, 2006 reveals that the principals of the general partner have a total of eighteen developments to be monitored with no material non-compliance.

** Preliminary - Represents Maximum Amount*

ISSUANCE TEAM: CharterMac Mortgage Capital (FNMA DUS Lender/Servicer)
Fannie Mae (Credit Facility Provider)
Related Capital (Equity Provider)
Stern Brothers & Co. (Underwriter)
Wells Fargo Bank, N. A. (Trustee)
Vinson & Elkins L.L.P. (Bond Counsel)
RBC Capital Markets (Financial Advisor)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER: The Bonds will be publicly offered for sale on or about September 8, 2006 at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION: The Development consists of 156 units constructed on approximately 13.52 acres located at 345 Champions Boulevard, San Marcos, Texas.

Units	Unit Type	Sq Ft	Proposed	AMFI
60	2-Bed/2-Baths	900	$679.00	50%
72	3-Bed/2-Baths	1,082	$769.00	50%
24	4-Bed/2-Baths	1,238	$853.00	50%
156	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 fifty percent (50%) of the area median income.

TENANT SERVICES: Tenant Services will be provided by CARES, as outlined in the Department's application.

DEPARTMENT FEES: $10,000 Application Fee (Paid)
$25,625 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES: $5,125 Bond Administration (0.10% of first year bond amount)
$6,240 Compliance ($40/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $3,900 to TDHCA or assigns ($25/unit/year adjusted annually for CPI))

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. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development.

CREDIT ENHANCEMENT: The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of Aa3/VMIG1 and an anticipated variable interest rate of 5.25% per annum. 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, (i) during any Weekly Variable Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000 and (ii) during any Reset Period or the Fixed Rate Period, $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 level monthly payments of principal and interest.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at a variable rate until maturity, which is September 1, 2036.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan; (2) earnings derived from amounts held in Funds and Accounts on deposit in an investment agreement; (3) or payments made by the applicable Credit Provider under the credit facility then in effect.

The Credit Provider (initially the Bank) is obligated under its credit enhancement agreement to fund the payment of the Bonds, regardless of whether the Borrower makes the scheduled principal and interest payments on the Mortgage Loan. The Borrower is obligated to reimburse the Credit Provider for any moneys advanced by the Credit Provider 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 subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower:

(1) On any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principle amount redeemed plus accrued interest to the Redemption Date.

(2) On any date within a Reset Period at the respective redemption prices set forth in the Indenture as expressed as a percentage of the principal amount of the Bonds.

(3) On any date within the Fixed Rate Period, at the respective redemption prices set forth in the Indenture as expressed as percentages of the principal amounts of the Bonds.

Mandatory Redemption:

(1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Mortgage Loan.

(2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Reimbursement Agreement.

(3) The Bonds shall be redeemed in whole or in part as follows:

  a) On each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account.

  b) On any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account.

(4) On and after the Transition Date, if any, the Bonds shall be redeemed at the times and in the amounts set forth in the Sinking Fund Schedule attached as Exhibit E to the Indenture.

(5) The Bond shall be redeemed during the Fixed Rate Period at the times and in the amounts set forth in the Sinking Fund Schedule established pursuant to the Indenture.

(6) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.

(7) 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 are transferred to the Redemption Account.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

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

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. Bond Proceed Fund – shall be dispersed for the redemption of the prior bonds.

2. Revenue Fund - General receipts and disbursement account for revenues to pay principal and interest on the Bonds. Accounts created within the Revenue Fund for redemption provisions, credit facility purposes, the payment of interest and certain ongoing fees.

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 - Moneys held uninvested and exclusively for the payment of the purchase price of Tendered Bonds.

6. Principal Reserve Fund – Fund to collect payments received from the Borrower pursuant to the reimbursement agreement and used to pay certain costs approved by the Credit Provider, including unreimbursed advances, improvements or repairs to the Development, and principal on the Bonds.

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 most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – Wells Fargo, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 2006.

3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Underwriter – Stern Brothers & Co. was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was compiled and approved by the Department June 2006.

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. 06-034

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING MORTGAGE REVENUE REFUNDING BONDS (CHAMPION’S CROSSING APARTMENTS) SERIES 2006; 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 construction that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as defined in the Act and determined by the Governing Board of the Department (the “Board”) from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue refunding 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 Capital Area Housing Finance Corporation heretofore has issued its Multifamily Housing Mortgage Revenue Bonds (San Marcos Apartments Project) Series 2000 in the original aggregate principal amount of $7,231,000, (the "Prior Bonds") the proceeds of which were loaned to San Marcos AH-104, Ltd., a Texas limited partnership (the "Borrower"), to provide financing for a multifamily residential rental housing development located in Hays County, Texas and described on Exhibit A attached hereto (the "Development"), all in accordance with the Constitution and laws of the State; and

WHEREAS, the Board has determined to authorize the issuance, sale and delivery of the Department’s Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds (Champion’s Crossing Apartments) Series 2006 (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 refund a portion of the Prior Bonds to provide funds to refinance the cost of acquisition, construction and equipping the Development, all under and in accordance with the Constitution and laws of the State, including particularly Section 2306.354 of the Act and Chapter 1207, Texas Government Code, as amended; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to the Borrower to prepay a portion of the outstanding balance of the mortgage loan for the Prior Bonds and thereby refund a portion of the Prior Bonds, in accordance with the Constitution and laws of the State; and

WHEREAS, the Borrower will provide funds other than the proceeds of the Bonds to repay the remaining portion of the Prior Bonds simultaneously with the issuance of the Bonds; 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 refinance a portion of the cost of the Development and pay related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Loan and liquidity support for the Bonds will be provided for initially by a Credit Enhancement Instrument (Direct-Pay) issued by Fannie Mae ("Fannie Mae"), also the "Credit Provider"; and

WHEREAS, it is anticipated that the Note will be secured by a 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, 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 an Amended and Restated 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 Hays 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 Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Purchase Contract (the "Purchase Contract") with the Borrower and Stern Brothers & Co. (the "Underwriter"), and any other parties to such Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or any other parties to such Purchase Contract; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement") with respect to the 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 Asset Oversight Agreement, the Official Statement and the Purchase Contract (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution 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 for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That 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 Purchase Contract, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Purchase Contract; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed $5,125,000; (iii) the final maturity of the Bonds shall occur not later than September 15, 2036; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Purchase Contract shall not exceed 103% of the principal amount thereof.

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

Section 1.4--Approval, Execution and Delivery of the 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 Hays County, Texas.

Section 1.6--Approval, Execution and Delivery of the Purchase Contract. That the sale of the Bonds to the Underwriter and any other party to the Purchase Contract is hereby approved, that the form and substance of the Purchase Contract are hereby approved, and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute the Purchase Contract and to deliver the Purchase Contract to the Borrower, the Underwriter and any other party to the Purchase Contract, as appropriate.

Section 1.7--Acceptance of the Note and Security Instrument. That the form and substance of the Note and the 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 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 Borrower, the Trustee and Fannie Mae.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of the Rule; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Purchase Contract and as may be approved by the Executive Director or the 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	-	Purchase Contract
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 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 the State. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, 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, 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 the applicable laws 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 refinancing 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 Stern Brothers & Co.

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 an exhibit 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--Ratifying Other Actions. That all other actions taken by the Executive Director or the Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the refinancing 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 refinancing 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 refinancing 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 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 refinance 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 refinancing 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 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.

PASSED AND APPROVED this 30th day of August, 2006.

[SEAL]

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Borrower: San Marcos AH-104, Ltd., a Texas limited partnership

Development: The Development is a 156-unit multifamily facility known as Champion's Crossing Apartments (formerly known as the San Marcos Apartments) and located at 345 Champions Boulevard, San Marcos, Hays County, Texas. It consists of 13 two-story residential apartment buildings with 150,516 net rentable square feet. The unit mix will consist of:

60	two-bedroom/two-bath units
72	three-bedroom/two-bath units
24	four-bedroom/two-bath units
156	Total Units

Unit sizes range from approximately 900 square feet to approximately 1,238 square feet.

Common areas include a picnic area, community room with kitchen facilities, laundry facilities, recreation room, utility room, children's play area, and pool with decking. All ground units are wheelchair accessible and all individual units have washer/dryer connections.

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 5,125,000
Reserves/Escrows Held in Trust	558,463
Other sources-GP Equity	2,133,510
Total Sources	$ 7,816,973

Uses of Funds	
Original Bond Issuance - Series 2000	$ 7,086,471
Direct Bond Related	230,316
Bond Purchaser Costs	176,650
Other Transaction Costs	173,282
Real Estate Closing Costs	150,254
Total Uses	$ 7,816,973

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (0.50% of Issuance)	$ 25,625
TDHCA Application Fee	12,500
TDHCA Bond Administration Fee (2 years)	10,250
TDHCA Bond Compliance Fee ($40 per unit)	6,160
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	5,000
Borrower's Counsel	55,000
Trustee Fee	5,000
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	1,281
Total Direct Bond Related	$ 230,316

Bond Purchase Costs		
Permanent Lender		61,250
Permanent Lender Counsel		50,000
Underwriter's Fee		65,400
Total Bond Purchase Costs	$	176,650
Other Transaction Costs		
Tax Credit Application and Determination Fees (if paid at closing)		-
Reserves for Replacement		148,090
Insurance Premium		25,192
Total Other Transaction Costs	$	173,282
Real Estate Closing Costs		
Title & Recording (Permanent)		26,894
Escrow - Property Taxes		123,360
Total Real Estate Costs	$	150,254
Estimated Total Costs of Issuance	$	730,502

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

DATE: August 23, 2006 **PROGRAM:** 4% HTC/Bond **FILE NUMBER(S):** 060621 / 00006T[1]

DEVELOPMENT NAME

Champion's Crossing (aka San Marcos Apartments)

APPLICANT

Name:	San Marcos AH-104, Ltd		**Contact:**	James C Hunt	
Address:	4401 North Mesa				
City	El Paso		**State:**	TX	**Zip:** 79902
Phone:	(915) 513-1122	**Fax:** (915) 298-4343	**Email:**	chrish@huntbuilding.com	

KEY PARTICIPANTS

Name:	Plum Creek Affordable Housing, Inc	**Title:**	0.01% Managing General Partner of Applicant
Name:	TWC Housing, LLC	**Title:**	100% Owner of GP
Name:	Hunt ELP, Ltd	**Title:**	100% Owner of TWC Housing, LLC
Name:	HB GP, LLC	**Title:**	1% GP of Hunt ELP, Ltd
Name:	W. L. Hunt	**Title:**	95.7% Owner of HB GP, LLC
Name:	M. L. Hunt	**Title:**	4.3% Owner of HB GP, LLC
Name:	Hunt Company, LLC	**Title:**	99% LP of Hunt ELP, Ltd
Name:	Hunt Building Corporation	**Title:**	100% Owner of Hunt Company, LLC

PROPERTY LOCATION

Location:	345 Champions Blvd		
City:	San Marcos	**Zip:**	78666
County:	Hays	**Region:**	7

☐ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
MRB (Tax-Exempt)	$5,125,000	5.25%	30 yrs	30 yrs

Proposed Use of Funds:	Bond Refunding	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $5,125,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 5.26% AND REPAYMENT TERM OF 30 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

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[1] The Applicant has received a new application number for the subject proposed bond transaction. However, application number 00006T will still be the applicable application number for the 2000 4% tax credit allocation.

CONDITIONS

1. Review, receipt, and acceptance of documentation of the terms of the General Partner's contribution to-date and confirmation that the terms will have no affect on the development's debt service or DCR.
2. Receipt, review and acceptance of a new lender commitment indicating an initial strike cap rate of 4.13% and 1.13% fee stack with a statement regarding a maximum cap rate after year 17.
3. Review, receipt, and acceptance of a commitment documenting the terms for the anticipated loan from the General Partner.

BOND REFUNDING ANALYSIS

The Applicant originally received $7,231,000 in bonds issued by the Capital Area Housing Finance Corporation and a tax credit allocation in 2000 under application number 00006T. The bonds were privately placed with CharterMac Municipal Mortgage for a term of forty years at a fixed interest rate of 7.4%.

The development has been unable to generate sufficient cashflow for the existing debt service and is requesting approval from the Department to refund the existing fixed rate, private placement structure with a variable rate, publicly offered structure in the amount of $5,125,000 at an estimated cap rate of 4.13% and fee stack of 1.13%. The following analysis is an addendum to the original underwriting report, dated January 1, 2000, for Champion's Crossing (aka: San Marcos Apartments #00006T). However, the analysis will not include a recommendation or amendment to the original tax credit amount. Because the subject development has already undergone all construction associated with the original recommendation and has been cost certified by the Department, the construction and development costs of the subject development are not reevaluated. The purpose of this analysis is to determine whether the refunding of bonds and additional proposed financing, per the Applicant's request, will result in a substantial improvement to cashflow and result in a more financially feasible position. In addition, the Underwriter will determine if the proposed financing structure is sufficient to cover the proposed uses of funds.

Of note, the organization structure has been changed since the original underwriting report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's potential rents were calculated by subtracting tenant paid utility allowances from the 2006 program gross rent limits. No estimate of secondary income was included. The Applicant's vacancy and collection loss was estimated at 20.00% of potential gross income. This estimate includes an economic loss in addition to the typically accounted for vacancy and collection loss. The Underwriter assumes that this is due to the development's historical inability to achieve the maximum 60% net program rents. Lastly, the Applicant estimated rental concessions at $10,608.

The Underwriter's projected rents collected per unit were determined by calculating the estimated average net rent collected per unit based on the Portfolio Management and Compliance Division's Unit Status Report dated August 16, 2006 for the subject development. Therefore, the estimated economic loss due to the anticipated inability to achieve the maximum allowable rents is built into the estimate. The Underwriter estimates secondary income at the Department's standard maximum of $15 per unit per month. The 2005 Applicant submitted income statement for the subject development indicated secondary income significantly above the Department's standard maximum. The Underwriter estimated vacancy and collection loss equal to the Department's standard of 7.50% of potential gross income. Due to the Underwriter's inclusion of the anticipated economic loss into the potential gross rent estimate, the Applicant's estimate of vacancy and collection loss is significantly different from the Underwriter's. Additionally, the Underwriter estimated rental concessions based on the 2005 financial statement submitted by the Applicant. The inclusion of substantial rental concessions in an underwriting report is not typical; however, the Underwriter's estimate is justified by the development's 2004 and 2005 financial statements submitted with the application.

As a result of the differences noted above, the Applicant's estimate of effective gross income is not within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $4,381 per unit is within 5% of the Underwriter's estimate of $4,288, derived from actual operating history of the development as indicated in the 2004 and 2005 financial statements and the 2005 owner's financial certification for the subject development. However, the Applicant's estimate of payroll and payroll tax is 13% or $20K higher than the Underwriter's estimate. Lastly, the Applicant significantly understated TDHCA compliance fees by indicating no expense for this item.

Conclusion: While the Applicant's estimate of operating expenses is within 5% of the Underwriter's estimate, the Applicant's estimates of operating expenses and net operating income are not within 5% of the Underwriter's; therefore, the Underwriter's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio (DCR). The Underwriter's proforma results in a Year One DCR within the Department's current guideline of 1.10 to 1.30. Of note, the Applicant's debt service estimate is significantly different from the Underwriter's. The Underwriter's debt service is based on the lender's underwriting rate of 5.76%, while the Applicant's is based on a rate of 5.25%. This difference is discussed further in the financing structure analysis and is adjusted in the Underwriter's recommended financing structure.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

USES OF FUNDS

Due to the unique characteristics of the subject request, the Underwriter has included an analysis of the proposed use of funds. This section essentially replaces the construction cost schedule that is typically analyzed for tax credit/bond transactions. The uses of funds constitutes all debt and equity that is currently held by the partnership plus the anticipated debt and equity that will result from the proposed bond refunding transaction. Of note, the debt and equity currently held by the partnership will past through as a source of funds.

Outstanding Bonds: The Applicant has indicated that the purpose of the bond refunding is to repay the outstanding balance of the original Series 2000 bonds that were issued through the Capital Area Housing Finance Corporation in 2000. The Applicant's uses of funds indicates the full original bond amount of $7,086,471. However, a portion of the original amount has been repaid. Per a signed letter from CharterMac, the remaining balance of the Series 2000 bonds is $7,079,718. Therefore, the Underwriter's uses of funds reflects the amount indicated in the lender's letter. In addition, the subordinate loan from the GP in the recommended financing structure has been adjusted downward by the difference between the Underwriter's and Applicant's estimated remaining bond balance.

Other Uses of Funds: Due to the anticipated financing structure, the Underwriter has assumed that the additional costs associated with the bond transaction and real estate closing claimed by the Applicant are reasonable.

Limited Partner Equity: The Applicant has indicated that the equity contribution to date from the Limited Partner is $3,407,293.

General Partner Funded Deficits: Due to the inability to generate sufficient development cashflow, the GP contributed funds in order to cover any gap between the actual income and expenses and debt service. According to the Applicant, this amounts to $2,277,209 to date. It is unclear, based on the information provided by the Applicant, whether this contribution is in the form of a loan to be repaid over the course of operation or if this amount is forgiven. This is discussed more below, in the financing structure analysis.

Unpaid Developer Fees: The Applicant has indicated unpaid developer fees amounting to $1,484,000. This amounts to 100% of the developer fees included in the Applicant's construction cost schedule used in the original underwriting report.

Conclusions: Due to the unique characteristics of the proposed transaction, the Applicant's use of funds schedule, adjusted for the difference in the outstanding bond balance, will be used to determine whether the Applicant's sources of funds is sufficient.

FINANCING STRUCTURE

PERMANENT BOND FINANCING

Source: CharterMac **Contact:** Alan M Steinmetz

Tax-Exempt: $5,125,000 **Interest Rate:** 5.36%, variable **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Equal to cap rate of 5.23% plus fee stack of 1.13%.

PERMANENT FINANCING

Source: TWC Housing (GP of the Applicant) **Contact:** N/A

Principal: $2,133,510 **Interest Rate:** Undetermined **Amort:** Undetermined

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: No supporting documentation was supplied by the Applicant.

OTHER

Amount: $2,277,209 **Source:** General Partner Contribution To-Date

OTHER

Amount: $558,463 **Source:** Reserves/Escrows Held in Trust

OTHER

Amount: $3,407,293 **Source:** Limited Partner Equity

OTHER

Amount: $1,484,000 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Bond Refunding: The Applicant anticipates receiving $5,125,000 in tax exempt mortgage revenue bonds from the TDHCA which will be privately placed with CharterMac. There are a number of unresolved inconsistencies and unclear terms in the lender's commitment. First, the lender's commitment indicates an underwriting rate of 5.67%. This is higher than the 4.23% plus 1.13% fee stack. It is unclear to the Underwriter why the financing would be underwritten at a rate higher than the actual interest rate on the debt. Second, it is unclear, based on the terms, what cap rate, if any, will be in place after year 17. Due to these inconsistencies, receipt, review and acceptance of a new commitment or documentation clarifying the initial strike cap rate and all in underwriting rate with a statement regarding a maximum cap rate after year 17 is a condition of this report. Due to the lack of clarity in the commitment, the Underwriter's recommended financing structure has utilized an interest rate of 5.26% (4.13%+1.13%) to determine the annual debt service on the requested bonds. Also of note, CharterMac's commitment reflects a minimum DCR of 1.20. The Underwriter's NOI does not meet this requirement, though the Applicant and presumably the lenders projections do meet this DCR requirement. The Underwriter's DCR meets the Department's requirement based on the actual anticipated maximum interest rate.

Permanent Financing: During correspondence with the Underwriter, the Applicant indicated that the partnership anticipates a subordinate loan from the General Partner. In order to fund a large portion of gap in funds. The Applicant expects that this funding will be repayable from available cashflow, amortized over 365 months, and accruing interest at AFR with a balloon of any unpaid principal and interest at maturity. However, the Applicant did not supply staff with a commitment indicating the anticipated terms. Therefore, review, receipt, and acceptance of a commitment documenting the terms for the anticipated loan from the General Partner is a condition of this report. The capacity of the development to satisfy this debt is questionable as the outstanding balance at maturity could exceed the property value at that time. Nonetheless, the introduction of the proposed structure places the property in a more favorable position than the current structure, which is no longer tenable. Additionally, any savings accrued due to a variable interest rate lower than the cap rate may also be used to repay deferred developer fee or anticipated subordinate debt.

Limited Partner Equity: The Applicant has indicated $3,407,293 in Limited Partner equity to-date. This consists of the proceeds from the syndication of the original tax credits that were allocated during the 2000 4% HTC round.

Other Sources: The Applicant has indicated $558,463 in Reserves/Escrows Held in Trust as a source of funds. In addition, the Applicant has indicated that the General Partner has contributed $2,277,209 in order to fund deficits due to the inability of the development to generate sufficient cashflow to cover expenses and debt service. It is unclear whether this contribution is in the form of a loan to the partnership that must be repaid or if the contribution is forgiven. The Underwriter has assumed that the terms of this contribution will not affect the development's debt service. However, review, receipt, and acceptance of documentation of the terms of the General Partner's contribution to-date and confirmation that the terms will have no affect on the development's debt service or DCR is a condition of this report.

Deferred Developer Fees: Due to the General Partner's significant anticipated subordinate loan, 100% of the $1,484,000 in unpaid developer fees will pass through as deferred developer fee. According to the Underwriter's 30-year proforma, deferred developer fees in this amount should be repayable within 20 years of stabilized operation. While this is above the typical maximum repayment term of 15 years, the development is already in operation; therefore, the exposure to this financing concern is already evident. Additionally, the proposed variable rate structure improves the likelihood that the deferred developer fee can be repaid.

Financing Conclusions: Based on the information provided in the application and through subsequent correspondence, the Underwriter has determined that the Applicant's request for bonds in the amount of $5,125,000 plus the additional anticipated sources of funds will decrease the subject development's debt service sufficient to result in a DCR above 1.10 for 30 years and will provide sufficient funds to repay the remaining balance on the existing Series 2000 bonds allocated to the Applicant in December 2000 and other anticipated costs. However, based on the Underwriter's proforma, it appears that repayment of the deferred developer fees and subordinate debt will extend well beyond the Underwriter's 30-year projection. Despite the uncertainty described above, based on this analysis, the proposed refunding of bonds will yield a significant improvement over the current operational and financial state of the subject development. Therefore, the Department recommends the Applicant's request for bonds in the amount of $5,015,000.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The 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.
- An increase in the variable interest rate on the permanent debt could adversely affect the development's DCR and cash flow.

Underwriter:	Cameron Dorsey	**Date:**	August 23, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Champion's Crossing, San Marcos, Bond Refunding, #060621

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Sewer/Trash
TC 50%	60	2	2	900	$800	$576	$34,552	$0.64	$101.00	$51.00
TC 50%	72	3	2	1,082	924	648	46,660	0.60	135.00	61.00
TC 50%	24	4	2	1,238	1,031	719	17,264	0.58	152.00	70.00
TOTAL:	156		AVERAGE:	1,036	$893	$631	$98,476	$0.61	$124.54	$58.54

INCOME	Total Net Rentable Sq Ft:	161,616	TDHCA	APPLICANT		Comptroller's Region	7
POTENTIAL GROSS RENT			$1,181,712	$1,398,960		IREM Region	Austin
Secondary Income	Per Unit Per Month:	$15.00	28,080	0	$0.00	Per Unit Per Month	
Other Support Income:			0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,209,792	$1,398,960			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(90,734)	(279,792)	-20.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			(63,491)	(10,608)			
EFFECTIVE GROSS INCOME			$1,055,567	$1,108,560			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		7.20%	$487	0.47	$75,961	$75,607	$0.47	$485	6.82%
Management		5.19%	351	0.34	54,783	44,350	0.27	284	4.00%
Payroll & Payroll Tax		14.38%	973	0.94	151,745	171,618	1.06	1,100	15.48%
Repairs & Maintenance		8.68%	587	0.57	91,631	100,415	0.62	644	9.06%
Utilities		3.24%	219	0.21	34,237	36,769	0.23	236	3.32%
Water, Sewer, & Trash		7.38%	500	0.48	77,947	76,923	0.48	493	6.94%
Property Insurance		2.34%	159	0.15	24,740	25,847	0.16	166	2.33%
Property Tax	2.7317	11.14%	754	0.73	117,552	120,757	0.75	774	10.89%
Reserve for Replacements		2.96%	200	0.19	31,200	31,200	0.19	200	2.81%
Other: compl fees		0.86%	58	0.06	9,123	0	0.00	0	0.00%
TOTAL EXPENSES		63.37%	$4,288	$4.14	$668,919	$683,486	$4.23	$4,381	61.66%
NET OPERATING INC		36.63%	$2,479	$2.39	$386,647	$425,074	$2.63	$2,725	38.34%
DEBT SERVICE									
First Lien Mortgage		34.04%	$2,303	$2.22	$359,288	$339,605	$2.10	$2,177	30.63%
Reserves/Escrows Held in Trust		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		2.59%	$175	$0.17	$27,359	$85,469	$0.53	$548	7.71%
AGGREGATE DEBT COVERAGE RATIO					1.08	1.25			
RECOMMENDED DEBT COVERAGE RATIO					1.14				

USES OF FUNDS

Description	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Series 2000 Bonds	47.27%	$45,383	$43.81	$7,079,718	$7,086,471	$43.85	$45,426	47.29%
Direct Bond Related	1.54%	1,476	1.43	230,316	230,316	1.43	1,476	1.54%
Bond Purchaser Costs	1.18%	1,132	1.09	176,650	176,650	1.09	1,132	1.18%
Other Transaction Costs	1.16%	1,111	1.07	173,282	173,282	1.07	1,111	1.16%
Real Estate Closing	1.00%	963	0.93	150,254	150,254	0.93	963	1.00%
GP Funded Deficits	15.20%	14,597	14.09	2,277,209	2,277,209	14.09	14,597	15.20%
Limited Partner Equity	22.75%	21,842	21.08	3,407,293	3,407,293	21.08	21,842	22.74%
Unpaid Developer Fees	9.91%	9,513	9.18	1,484,000	1,484,000	9.18	9,513	9.90%
TOTAL COST	100.00%	$96,017	$92.68	$14,978,722	$14,985,475	$92.72	$96,061	100.00%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	34.22%	$32,853	$31.71	$5,125,000	$5,125,000	$5,125,000	Developer Fee Available
Reserves/Escrows Held in Trust	3.73%	$3,580	$3.46	558,463	558,463	558,463	$1,484,000
GP Subordinate Loan	14.24%	$13,676	$13.20	2,133,510	2,133,510	2,126,757	% of Dev. Fee Deferred
GP Contribution To-Date	15.20%	$14,597	$14.09	2,277,209	2,277,209	2,277,209	100%
Limited Partner Equity	22.75%	$21,842	$21.08	3,407,293	3,407,293	3,407,293	
Deferred Developer Fees	9.91%	$9,513	$9.18	1,484,000	1,484,000	1,484,000	
Additional (Excess) Funds Req'd	-0.05%	($43)	($0.04)	(6,753)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$14,978,722	$14,985,475	$14,978,722	$1,191,154

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Champion's Crossing, San Marcos, Bond Refunding, #060621

PAYMENT COMPUTATION

Primary	$5,125,000	Amort	360
Int Rate	5.76%	DCR	1.08

Secondary		Amort	
Int Rate		Subtotal DCR	1.08

Additional		Amort	
Int Rate		Aggregate DCR	1.08

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$339,986
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$46,661

Primary	$5,125,000	Amort	360
Int Rate	5.26%	DCR	1.14

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.14

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	$1,181,712	$1,217,163	$1,253,678	$1,291,289	$1,330,027	$1,541,866	$1,787,445	$2,072,139	$2,784,782
Secondary Income	28,080	28,922	29,790	30,684	31,604	36,638	42,474	49,238	66,172
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,209,792	1,246,086	1,283,468	1,321,972	1,361,632	1,578,504	1,829,919	2,121,378	2,850,954
Vacancy & Collection Loss	(90,734)	(93,456)	(96,260)	(99,148)	(102,122)	(118,388)	(137,244)	(159,103)	(213,822)
Employee or Other Non-Rental	(63,491)	(65,396)	(67,358)	(69,378)	(71,460)	(82,841)	(96,036)	(111,332)	(149,621)
EFFECTIVE GROSS INCOME	$1,055,567	$1,087,234	$1,119,851	$1,153,446	$1,188,050	$1,377,275	$1,596,639	$1,850,942	$2,487,512
EXPENSES at 4.00%									
General & Administrative	$75,961	$78,999	$82,159	$85,446	$88,864	$108,116	$131,540	$160,038	$236,896
Management	54,783	56,426	58,119	59,863	61,658	71,479	82,864	96,062	129,099
Payroll & Payroll Tax	151,745	157,815	164,127	170,692	177,520	215,980	262,773	319,704	473,240
Repairs & Maintenance	91,631	95,296	99,108	103,072	107,195	130,419	158,675	193,053	285,765
Utilities	34,237	35,606	37,031	38,512	40,052	48,730	59,287	72,132	106,773
Water, Sewer & Trash	77,947	81,065	84,307	87,680	91,187	110,943	134,979	164,223	243,090
Insurance	24,740	25,730	26,759	27,829	28,942	35,213	42,842	52,123	77,155
Property Tax	117,552	122,255	127,145	132,230	137,520	167,314	203,563	247,665	366,605
Reserve for Replacements	31,200	32,448	33,746	35,096	36,500	44,407	54,028	65,734	97,302
Other	9,123	9,488	9,867	10,262	10,673	12,985	15,798	19,221	28,451
TOTAL EXPENSES	$668,919	$695,128	$722,369	$750,683	$780,111	$945,587	$1,146,349	$1,389,955	$2,044,377
NET OPERATING INCOME	$386,647	$392,105	$397,482	$402,764	$407,938	$431,688	$450,290	$460,988	$443,135
DEBT SERVICE									
First Lien Financing	$339,986	$339,986	$339,986	$339,986	$339,986	$339,986	$339,986	$339,986	$339,986
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	$46,661	$52,119	$57,495	$62,777	$67,952	$91,702	$110,303	$121,001	$103,149
DEBT COVERAGE RATIO	1.14	1.15	1.17	1.18	1.20	1.27	1.32	1.36	1.30

TEXAS DE[...]RTMENT of HOUSING and COM[...]NITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: 1/11/00 **PROGRAM:** LIHTC **FILE NUMBER:** 00006T

COPY

DEVELOPMENT NAME

San Marcos Apartments

APPLICANT

Name: San Marcos AH-104, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 1703 N. Burleson Road **City:** Kyle **State:** TX
Zip: 78640 **Contact:** Matt Hainline **Phone:** (512) 262-4012 **Fax:** (512) 268-0304

PRINCIPALS of the APPLICANT

Name	(%)	Title
Related Capital Company	99.99	Limited Partner
Plum Creek Affordable Housing I	0.01	Managing General Partner
Matthew Q. Hainline		President & 50% owner of G.P
Paul M. Albini		Vice Pres. & 50% owner of G.P.
Mac Jones/ D.J. Hammond & Associates		Consultant

GENERAL PARTNER

Name: Plum Creek Affordable Housing I, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 1703 N. Burleson Road **City:** Kyle **State:** TX
Zip: 78640 **Contact:** Matt Hainline/Paul Albini **Phone:** (512) 262-4012 **Fax:** (512) 268-0304

PROPERTY LOCATION

Location: South corner of intersection of Yarrington Road & Post Road ☒ QCT ☐ DDA
City: San Marcos ETJ **County:** Hays **Zip:** 78666

REQUEST

Amount	Interest Rate	Amortization	Term
$539,752	N/A	N/A	N/A

Other Requested Terms: Annual allocation of low-income housing tax credits
Proposed Use of Funds: New construction

SITE DESCRIPTION

Size: 13.52 acres 588,931 square feet **Zoning/ Permitted Uses:** Outside city limits (no zoning)
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

DESCRIPTION of IMPROVEMENTS

Total Units: 156 **# Rental Buildings** 12 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** 0 yrs **Vacant:** N/A at / / 199

Number	Bedrooms	Other Rms	Bathroom	Size in SF
60	2		2	900
72	3		2	1,082
24	4		2	1,240

Net Rentable SF: 161,664 **Av Un SF:** 1,036 **Common Area SF:** 3,156 **Gross Bldng SF** 164,820

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 100% Hardiplank exterior wall covering on residential buildings, 70% Hardiplank/30% masonry veneer on community building, wood trim, drywall interior wall surfaces, composition shingle roofing.

APPLIANCES AND INTERIOR FEATURES

Central heating & air conditioning, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, ceiling fan, washer & dryer connections, individual water heaters, laminated counter tops, carpeting & vinyl flooring.

ON-SITE AMENITIES

3,156 SF community building with exercise room, conference/business center, kitchen, public restrooms, & mail facility, a separate laundry building (floorplan not included), swimming pool, picnic area, play area with playground equipment, volleyball court, limited access gate.

Uncovered Parking: 450 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Charter/MAC Municipal Mortgage **Contact:** James Spound

Principal Amount: $7,118,216 **Interest Rate:** To be determined

Additional Information: Charter will provide a Letter of Credit if Applicant cannot secure better terms. The LOC will provide security for the bonds.

Amortization: n/a yrs **Term:** 22 mo **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Charter/MAC Municipal Mortgage **Contact:** James Spound

Principal Amount: $7,118,216 **Interest Rate:** 7.375%

Additional Information: Charter may hold or sell these bonds at their option. The commitment indicates the bonds will mature 40 years after the conversion to permanent financing.

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $554,240 **Lien Priority:** 1st **Commitment Date** 12/ 21/ 1999

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg
Address: 625 Madison Avenue **City:** New York
State: NY **Zip:** 10022 **Phone:** (212) 421-5333 **Fax:** (212) 751-3550
Net Proceeds: $4,480,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 83¢
Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 12/ 21/ 1999
Additional Information:

APPLICANT EQUITY

Amount: $943,006 **Source:** Deferred developer's fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: $375,000 **Date of Valuation:** 11/ 24/ 1999
Proposed Building: as completed Not provided **Date of Valuation:** / /
Appraiser: Butler Burgher, Inc. **City:** Dallas **Phone:** (214) 739-0700

ASSESSED VALUE

Land: $44,540 **Assessment for the Year of:** 1999
Building: N/A **Valuation by:** Hays County Appraisal District
Total Assessed Value: $44,540 **Tax Rate:** 2.2789

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract
Contract Expiration Date: 6/ 1/ 2000 **Anticipated Closing Date:** 6/ 1/ 2000
Acquisition Cost: $ 375,000 **Other Terms/Conditions:** $10 earnest money; property is being sold by an identity of interest to the applicant

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: San Marcos Apartments is a proposed new construction project of 156 units of affordable housing located five miles north of San Marcos. The site plan shows two different building configurations consisting of the following: Building Type I has (16) two-bedroom units, and Building Type II has (10) three-bedroom units and (2) four-bedroom units. Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, and swimming pool located near the entrance to the site. A separate laundry building is to be located on the northwest edge of the site. The center of the site is to be occupied by a shallow manmade water feature, which will be supplied by a small natural spring-fed creek, which traverses the site from northeast to southwest.
Supportive Services: No supportive services are planned to be provided to tenants.
Schedule: The Applicant anticipates construction to begin in May of 2000, to be completed and placed in service in April of 2001, and to have substantial lease-up completed in September of 2001.

POPULATIONS TARGETED

Set-Aside: The Applicant has elected the 20% at 50% or less of area median gross income (AMGI) set-aside, but, as all of the units will be tax credit units, the Applicant intends to reserve 100% of the units for households earning 50% or less of AMGI.
Disabled Set-Aside: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.
Compliance Period Extension: The Applicant has not elected to extend the compliance period.

MARKET HIGHLIGHTS

A market feasibility study dated March 23, 1999 and prepared by The Danter Company was submitted. It had been completed when the project was structured as a 104-unit mixed-income proposal, but was updated with a letter, dated December 15, 1999, addressing the changes proposed by the Applicant. The following are highlights of their findings:
Definition of Market/Submarket: "The Site Effective Market Area [EMA] consists of Kyle, San Marcos, and surrounding areas. The EMA is bounded by the Blanco River to the north, County Highway 150 to the east, and the Hays County line to the south and west." (p.III-2)
Total Regional Market Demand for Rental Units: "...in Hays County...there was a net deficit of 730 units in 1999 inventory. This was preceded by a deficit of 507 units in 1998. In a three-year deficit/surplus analysis, there was a net deficit of 1,725 units." (p. VII-3)
Total Local/Submarket Demand for Rental Units/Effect on Existing Housing Stock: "The 156 proposed units represent a new rental housing alternative for 3.2% of the 4,743 income-appropriate households [in the San Marcos EMA]. This is an excellent ratio. When the existing tax credit units in the market are considered as well, there remains an acceptable ratio of tax credit units to income-qualified households." (Update letter, p. 1) "Most of the support for the project will be generated from tenants in the existing apartment base, particularly those paying rents within an appropriate step of the proposed rents." (p.III-6)
Local Housing Authority Waiting List Information: "As of March 1999, the San Marcos Housing Authority had a total of 78 HUD Section 8 Certificates and 98 Vouchers issued...There is a list of 250 applicants waiting to join the housing authority's HUD Section 8 Certificate/Voucher program." (p. IV-10)
Market Rent Comparables: "Of the three [San Marcos-area] tax credit properties available to families, only [one] offers units operating at 50% (as well as 60%) of area median income levels...The two- and three-bedroom rents for the proposed tax credit units...are significantly lower than the two- and three-bedroom rents at the three existing tax credit family projects...The proposed four-bedroom rent is less than the three-bedroom tax credit rents in the market." (Update letter, p. 2)
Submarket Vacancy Rates: "At 2.8%, the overall vacancy rate is extremely low in the market area, and the market appears limited by supply rather than demand." (p. III-3) In addition, a chart, dated March 1999, shows a vacancy rate of 0% for subsidized apartment units in San Marcos. (p. VI-2)
Absorption Projections: "...absorption of the 156 proposed units is expected to average 11 to 12 units per month, resulting in a 12- to 14-month absorption period. (Absorption could be as high as 17 to 19 units per month in the first few months after opening.)" (Update letter, p. 3)
Other Relevant Information: "...the location of the site (with respect to its proximity to shopping) does have a limiting effect on the marketability of the property. While shopping is not adjacent or nearby, all major shopping is with a 10-minute drive via I-35. We anticipate convenience shopping will develop in the area following the proposed project's completion. Our absorption rate reflects the site's location." (Update letter, p. 2)
Conclusion: The market study provided comprehensive data on 40 apartment complexes, which was used for the analysis of the proposed rents and absorption rate. It is important to note that all 40 of the comparables are located within the city of San Marcos, while the proposed site is five miles from the Central Business District and five miles from the nearest link to public transportation. According to the analyst, this fact was included in the projected absorption rate for the project. However, the analyst failed to provide information about the affordable housing market in the City of Kyle, located around two and a half miles from the site.

The analyst's demand calculations for the proposed units seem to be based almost exclusively on turnover from the existing rental stock. The analyst did estimate the deficit in housing units for Hays county based on annual household growth, but these figures (703 in 1999) include single family developments and fail to factor in income eligibility. Therefore it is difficult to discern how they impact the demand for low-income apartments. In addition, a thorough analysis for the four-bedroom units was not performed. According to the analyst, "There are no existing four-bedroom units...[in the market]." (p. IV-17) Despite these flaws, the market study reasonably concludes that the project is feasible.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: San Marcos is located in central Texas, approximately 28 miles southwest of Austin in Hays County. The site is a trapezoidal-shaped parcel located in the developing Champion Business Park on the west side of I-35 between San Marcos and Kyle, approximately five miles north of the San Marcos central business district. The site is situated on the southeast corner of Yarrington Road and Post Road. While the Applicant, Market Analyst and this report consistently refer to San Marcos as location of the site, it is actually located in an unincorporated part of Hays County and has a closer (two-mile) proximity to the much smaller city of Kyle.

Population: The estimated 1998 population of San Marcos was 37,269 and is expected to increase by 11% to approximately 41,333 by 2003. The market analyst indicated that the estimated 1998 population of the effective market area was 76,737 and is expected to increase by 11% to 85,418 by 2003.

Adjacent Land Uses: Adjacent land uses are all undeveloped or farm property. Undeveloped Champions Business Park lots are to the north, east, and south, and undeveloped farm land is to the west. A small creek and Yarrington Road bound the site to the north, Post Road (Old State Route 2) and Union Pacific railroad tracks to the west, Premier Parkway to the east, and Champions Parkway to the south.

Site Access: Access to the property is from the east along Yarrington Road or Champions Boulevard or the south from Post Road or Perimeter Parkway. Interstate Highway 35 runs 0.4 miles east, which provides access to San Marcos and Kyle as well as Austin and San Antonio.

Public Transportation: Not available. The closest link to public transportation, provided by the San Marcos Transit System, is five miles south of the site.

Shopping & Services: Due to the site's location in a developing business park several miles north of San Marcos, no shopping or services are within walking distance. All of San Marcos' facilities, including shopping centers, major employers, the Central Texas Medical Center, and Southwest Texas State University are located within ten miles. The Applicant has indicated that a related entity has recently closed on a transaction with Albertson's for a grocery anchored neighborhood shopping center approximately 2 miles north of the site.

Special Adverse Site Characteristics:

1. A large electrical power substation is adjacent to the northwest corner of the site, and an underground petroleum pipeline bisects the site from northeast to southwest. Active railroad tracks run along the western boundary of the site.
2. The title commitment lists a Vendor's Lien of $276,000 and a Deed of Trust, securing a promissory note of $1,250,000, that must be cleared by the closing.

Site Inspection Findings: Two TDHCA staff members performed a site inspection on December 7, 1999 and found the location to be *marginally acceptable* for the proposed development due to the following conditions:

- The distance to major retail areas (ten miles), grocery/pharmacy (six-seven miles), educational, and other services,
- The site's location in a developing business park five miles north of San Marcos,
- The lack of links to public transportation (five miles away in San Marcos),
- The large electrical power substation located at the northwest corner of the site,
- The underground petroleum pipeline traversing the site, and
- The railroad tracks running along the western site boundary.

None of these significant negative site attributes can be easily mitigated. According to the inspectors, this project would be a pioneering development since it would, for the time being, stand alone as the only new development activity of any kind visible in the immediate area.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 16, 1999 was prepared by HBC Engineering, Inc. and contained the following findings and recommendations:

Findings:

- "Easements identified for the site consisted of one pipeline easement...the pipeline is 12 inches in diameter, of a carbon and steel construction, and is currently idle and purged with nitrogen. The pipeline was installed in 1928 and transported crude oil until approximately 1991...No evidence of a release was noted at the time of the site visit." (p. 1)
- "Numerous piles of landscaping debris and a few piles of solid waste debris, including furniture, empty five-gallon containers, carpet, and bottles, were noted in the northeast and eastern portions of the site. No obvious indications of hazardous substances, wastes, or chemicals were noted among the debris. One water well and cistern were observed in the eastern portion of the site." (p. 14)

Recommendations: "It is recommended that solid waste identified onsite during the site visit be removed and disposed of at an authorized facility; and if no further use is intended for the water well, it should be plugged and abandoned according to applicable regulations.

"Based on the results of this assessment, no further environmental investigation is recommended. "(p. 15)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections were the maximum 1999 rents allowed under LIHTC guidelines. Potential gross rent based on these 1999 limits was understated by $713 due to small rounding errors on utility allowances. On March 9, 2000 HUD released the 2000 income limits from which the 2000 rents are derived. Based on the market study's confirmation that the earlier projected rents were well below the market and the Applicant's request to raise the rents to the maximum 2000 level, an additional $76k in effective gross income can be achieved.

Expenses: The Applicant's total expense estimate of $3.07 per square foot is 5% lower than the TDHCA database-derived estimate of $3.23 per square foot for comparably sized projects. However, several line items differ considerably. The Applicant's general and administrative expense is understated by $31K, and payroll is understated by $10K. The Applicant's repairs and maintenance are also understated by $41K, while water, sewer and trash are overstated by $27K. Finally, property taxes are 35% higher than the TDHCA database derived number.

Conclusion: The Underwriter's estimated debt coverage ratio (DCR) utilizing the 2000 rents is 1.18 but the Applicant's DCR estimate utilizing the 1999 rents is 1.09 and less than the program minimum standard of 1.10. But for the increase in the 2000 rents, the Underwriter's analysis would reflect that a reduction in their 1st lien bond debt would be warranted.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: Although the buyer and seller are related entities, the sale price was substantiated by a third party appraisal, which will be discussed in detail in the Identities of Interest section of this report.

Off-Sites: The Applicant understated city-required wastewater infrastructure costs by $29K, according to a 4/19/99 letter from the City of San Marcos. Also, the appraisal makes reference to water and wastewater services that are already provided by the City of Kyle. Because the Applicant has chosen to have service provided by the City of San Marcos, a letter from the City of Kyle stating their intention to relinquish their right to service the site is necessary for clarification.

Sitework Cost: Sitework costs at $7,000 per unit appear to be overstated compared to the typical range of $4,000 to $6,000 per unit; no independent engineer's estimate of such costs was provided to justify the Applicant's estimate. The Applicant attributes the elevated costs to the need for soil stabilization and drainage improvements and states that the city is requiring the installation of on-site fire hydrants at the Applicant's expense, but the Applicant did not provide evidence of these requirements. Therefore the TDHCA side will reflect a cost of $6,000 per unit. A third party verification of costs in excess of this amount has been requested and could increase the amount of eligible basis, and therefore credits, recommended.

Direct Construction Cost: The Applicant's direct construction cost estimate is 4.2% higher than the TDHCA estimate based on the Marshall & Swift *Residential Cost Handbook*.

The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines by $125K based on the

Applicant's overstated eligible basis. The Applicant's original application also included an additional $250,000 of contractor fees that were properly itemized in the cost breakdown but rolled into eligible construction costs on the project cost schedule. Moreover, when compared to the Underwriter's lower sitework and construction costs, the Applicant's contractor fees are overstated by $182K.
Conclusion: The Applicant's original cost breakdown and project cost schedule were not properly calculated and were inconsistent between themselves. The Underwriter has solicited additional information clearing most of these inconstancies but receipt of correct revised schedules is a condition of this report. Because of the significant discrepancies, the Underwriter's eligible basis estimate will be used to recommend a tax credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three sources of financing: mortgage revenue bond proceeds, syndicated LIHTC equity, and deferred developer's fees.
Bonds: The bonds are tax-exempt private activity mortgage revenue bonds to be issued by the Capital Area Housing Finance Corporation, and placed privately with the Charter Municipal Mortgage Acceptance Company (Charter/MAC). The aggregate face amount is estimated to be $7,118,216, to be amortized over 40 years at a 7.375% interest rate. The bond proceeds will be used for both construction and permanent financing, with Charter/MAC providing a letter of credit during the construction period to secure the bonds. There is some concern based on earlier conversations with the consultant that Charter/MAC would reduce the bond amount based on their underwriting, which, as of the writing this report, has not yet been completed. A subsequent change in the amount of the approved bond financing may affect the recommendations of this report.
LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $4,480,000 based on a syndication factor of 83%. The funds would be disbursed in a four-phased pay-in schedule:

1. 65% upon admission to the partnership;
2. 15% upon completion of construction ;
3. 10% upon final closing of the permanent mortgage loan and the project's achievement of breakeven operating status;
4. 10% upon receipt of IRS Forms 8609.

The Underwriter's analysis reflects a significantly lower eligible basis of $10,333,697 (a reduction of 10%) compared to the originally overstated amount in the application. This will result in a credit recommendation of 507,798 or a 6% reduction. The reduction was tempered by the higher applicable percentage utilized for underwriting this month, of the current rate (3.68%) plus 10 basis points.
Deferred Developer's Fees: The Applicant anticipates a deferred developer's fee of $943,006. This amount can be repaid from future available cashflows. The Underwriter's lower total development cost estimate reflects a significantly reduced deferred developer fee of $195,710.

REVIEW of ARCHITECTURAL DESIGN

Exterior Elevations & Amenities: The exterior elevations are quite simple, with 100% Hardiplank exteriors and minimal architectural ornamentation on the apartment buildings. The community building elevations are more attractive, with covered front and back porches with railings and 30% stone veneer accents. All units are of average size for market rate and LIHTC units, and have either covered patios or balconies with small outdoor storage closets. All units have utility closets with hookups for full-size appliances. The siteplan reflects that the rear of one building will look over the adjacent power substation.
Unit Floorplans:

1. Entry to the two-bedroom unit is directly into the living area, with the designated dining area and the U-shaped kitchen adjoining. The utility closet and a storage closet are off the dining area. A hallway from the living area leads to the bedrooms and bathrooms. One bathroom is accessible from the living area and has a linen closet. The master bedroom has a walk-in closet and the secondary bedroom has a conventional closet. The balcony and outdoor storage closet are accessed from the living room by a sliding glass door.
2. The three- and four-bedroom units are arranged similarly to the two-bedroom unit, with the additional bedrooms placed off the central hallway. In the three-bedroom unit, all bedrooms have conventional

closets, and in the four-bedroom unit the master bedroom unit again has a walk-in closet.

IDENTITIES of INTEREST

The principals of the Applicant also own the seller of the land, Plum Creek Partners II, Ltd. Butler-Burgher, Inc. provided an appraisal, dated December 2, 1999.

- "Title to the subject is currently vested in Plum Creek Partners II, Ltd., which acquired ownership on June 3, 1997 from G.W. Broesche. This transaction is recorded in Volume 1319, Page 730 of the Hays County Deed Records. Conversations with Mr. Matt Q. Hainline of the partnership revealed that this transaction involved a total of 53.226 acres, 13.524 acres of which constitute the subject, and that the total consideration was $450,000." (p. 5)
- "...the site has been granted 'bond reservation' by the Texas Bond Review Board to accommodate multi-family development, which is difficult, time-consuming and expensive to obtain. Moreover, it is site specific and non-transferable. Therefore, this approval has a significant impact on the highest and best use of the vacant tract." (p. 38)
- "The focus of this research was sites that were purchased for multi-family development in and proximate to the City of San Marcos." (p. 41)
- "In the valuation process, attempts were made to abstract from the market specific percentages to support each of the dissimilarities among the comparable sales that could be applied in the analysis and adjustment process...the required adjustments are based on paired analysis as well as the appraisers' historic observances." (p. 42)
- "The closed transactions analyzed herein transpired between October 1996 and July 1998...Market conditions during the time period elapsed between the sales date and today suggest an upward trend in land prices...Sales 1 through 3 were adjusted upward 1% per month from their respective dates of sale through November 1999." (p. 43)
  - 37% adjustment for Sale 1,
  - 31% adjustment for Sale 2, and
  - 16% adjustment for Sale 3
- "Pending Contract 4 was rated superior to the subject and the remaining data as the purchaser of this tract has made closing contingent upon obtaining zoning to accommodate multi-family development. When compared to Sales 1 through 3, it appears that the purchaser is paying a premium to have entitlements in place prior to closing. As such, Sale 4 was adjusted downward 25%..." (p. 44)
- "Sale 1...is within walking distance of the [Southwest Texas State University] campus and, therefore, was rated most superior to the subject with regard to general location...As such, it was adjusted downward 40%.

  "Sales 2 and 4 are located east of campus, but along or proximate to Aquarena Springs Road...the student shuttle bus runs along this arterial...Sales 2 and 4 were rated superior to the subject overall with regards to general location...Sales 2 and 4, therefore, were adjusted downward only 35%.

  "Sales 3 is located west of campus...it was adjusted downward only 25%." (p. 45)
- "The data utilized indicate...an average adjusted price of $3,961 per developable unit. Sale 3, however was given most weight in reconciling the data into a value indication for the subject as it required the least net adjustment and represents the most recent closed transaction...we have reconciled to a land value of $4,000 per developable unit...On this basis, the Market Value of the fee simple interest in the subject, "as is", as of November 24, 1999, is...[$375,000]." (p. 46)

Conclusion: Since the value of the land is the primary concern of the appraisal, the use of value per developable unit was a poor choice. Calculations on a per acre or per square foot basis would have been more desirable. In addition, the comparables used in the valuation were all located within the City of San Marcos whereas the proposed site is located five miles from the Central Business District and the nearest link to public transportation. Based on the adjustments necessary in the comparison of the land sales, most over 25%, more similar comparable sales would have been preferred. However, the appraiser attempted to compensate for this by placing the most weight on Sale 3 because it required the least amount of adjustment. A strict prorata of the original land purchase would result in a land value of $114,339 or $260,661 less than what is currently being proposed. While this is a significant percentage increase in value in the strictest interpretation, the absolute amount of this difference is not significant. In addition the strict interpretation does not account for the three-year holding time and additional marketing and development since acquisition. Most importantly, the amount of this potential additional profit will be forced to be deferred based on the Underwriter's analysis of deferred developer fee and therefore does not significantly affect the determination of the tax credit recommendation.

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

Financial Highlights: The Applicant is a new entity formed for the purpose of developing the project, and as such no financial information was provided.
Background & Experience: Mr. Hainline and Mr. Albini, the Principals of the Applicant, both state that they have no previous experience providing affordable housing. A general contractor has not been selected.

RECOMMENDATION

☑ RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

- Receipt, review, and acceptance of revised project cost schedule and project cost breakdown consistent with this report,
- Receipt, review, and acceptance of confirmation from the City of Kyle as to their understanding and agreement that the City of San Marcos will provide water and sewer service to the site,
- Recommendation that tax credits are reduced to not more than $507,798 subject to revision if a third party engineer verifies site work costs in excess of $6,000 per unit. Such an increase should not exceed $7,666 in additional credits.

Associate Underwriter:	Lisa Vecchietti	Date:	March 10, 2000
Credit Underwriting Supervisor:	Jim Anderson	Date:	March 10, 2000
Director of Credit Underwriting:	Tom Gouris	Date:	March 10, 2000

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

San Marcos Apartments, LIHTC #00006T

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (50%)	60	2	2	900	662	$607	$36,399	$0.67	$55.35	$77.49
TC (50%)	72	3	2	1,082	765	$690	49,686	0.64	74.91	92.33
TC (50%)	24	4	2	1,240	853	$772	18,518	0.62	81.42	107.87
TOTAL:	156		AVERAGE:	1,036	$739	$671	$104,603	$0.65	$68.39	$89.01

INCOME & EXPENSE					TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$1,255,241	$1,173,168			
Secondary Income		Per Unit Per Month:		$10.00	18,720	18,720	$10.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,273,961	$1,191,888			
Vacancy & Collection Loss		% of Potential Gross Rent:		7.50%	95,547	89,388	7.50%	of Potential Gross Rent	
Rental Concessions					0	0			
Employee or Other Non-Rental Units					0	0			
EFFECTIVE GROSS INCOME					$1,178,414	$1,102,500			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.70%	$280	$0.27	$43,626	$12,500	$0.08	$80	1.13%
Management		5.00%	378	0.36	58,921	55,500	0.34	356	5.03%
Payroll & Payroll Tax		8.49%	641	0.62	100,065	90,500	0.56	580	8.21%
Repairs & Maintenance		5.92%	447	0.43	69,773	28,700	0.18	184	2.60%
Utilities		2.77%	209	0.20	32,646	30,000	0.19	192	2.72%
Water, Sewer & Trash		4.60%	348	0.34	54,232	81,160	0.50	520	7.36%
Insurance		2.25%	170	0.16	26,543	25,000	0.15	160	2.27%
Property Tax	2.3708	8.94%	675	0.65	105,315	142,000	0.88	910	12.88%
Reserve for Replacements		2.65%	200	0.19	31,200	31,200	0.19	200	2.83%
Other Expenses:		0.00%	0	0.00	0	0	0.00	0	0.00%
TOTAL EXPENSES		44.32%	$3,348	$3.23	$522,320	$496,560	$3.07	$3,183	45.04%
NET OPERATING INC		55.68%	$4,206	$4.06	$656,093	$605,940	$3.75	$3,884	54.96%
CharterMAC Muni Mortgage (Bond		47.03%	$3,553	$3.43	$554,240	$554,240	$3.43	$3,553	50.27%
Compliance Fees		0.33%	$25	$0.02	3,900	2,600	$0.02	$17	0.24%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		8.31%	$628	$0.61	$97,953	$49,100	$0.30	$315	4.45%
AGGREGATE DEBT COVERAGE RATIO					1.18	1.09			
ALTERNATIVE DEBT COVERAGE RATIO					1.18				

CONSTRUCTION COST Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		3.25%	$2,404	$2.32	$375,000	$375,000	$2.32	$2,404	3.05%
Off-Sites		1.55%	1,147	1.11	179,000	150,000	0.93	962	1.22%
Sitework		8.12%	6,000	5.79	936,000	1,092,000	6.75	7,000	8.89%
Direct Construction		51.82%	38,294	36.95	5,973,933	6,225,000	38.51	39,904	50.70%
Contingency	3.47%	2.08%	1,538	1.48	240,000	240,000	1.48	1,538	1.95%
General Requireme	6.00%	3.60%	2,658	2.56	414,596	492,581	3.05	3,158	4.01%
Contractor's G & A	2.00%	1.20%	886	0.85	138,199	164,194	1.02	1,053	1.34%
Contractor's Profit	6.00%	3.60%	2,658	2.56	414,596	492,581	3.05	3,158	4.01%
Indirect Construction		3.56%	2,628	2.54	410,000	410,000	2.54	2,628	3.34%
Ineligible Expenses		3.41%	2,522	2.43	393,366	393,366	2.43	2,522	3.20%
Developer's G & A	2.00%	1.56%	1,152	1.11	179,716	0	0.00	0	0.00%
Developer's Profit	13.00%	10.13%	7,488	7.23	1,168,157	1,485,000	9.19	9,519	12.09%
Interim Financing		3.98%	2,939	2.84	458,500	458,500	2.84	2,939	3.73%
Reserves		2.15%	1,587	1.53	247,585	300,000	1.86	1,923	2.44%
TOTAL COST		100.00%	$73,902	$71.31	$11,528,648	$12,278,222	$75.95	$78,707	100.00%

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
CharterMAC Muni Mortgage (Bond	61.74%	$45,630	$44.03	$7,118,216	$7,118,216	$7,118,216	Max. Cost Guideline
LIHTC Syndication Proceeds	38.86%	$28,718	$27.71	4,480,000	4,480,000	4,214,723	$11,542,810
Source #3 Here	0.00%	$0	$0.00	0	0	0	
Deferred Developer's Fee	8.18%	$6,045	$5.83	943,006	943,006	195,710	
Equity Shortfall (excess)	-8.78%	($6,491)	($6.26)	(1,012,574)	(263,000)	0	
TOTAL SOURCES				$11,528,648	$12,278,222	$11,528,648	

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$37.63	$6,083,416
Adjustments				
Frame	1.00%		$0.38	$60,834
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.86)	(300,695)
Floor Cover			1.72	278,062
Plaster Interior			0.00	0
Plumbing	$555	468	1.61	259,740
Built-In Appliances	$1,475	156	1.42	230,100
Fireplaces	$1,975	1	0.01	1,975
Floor Insulation			0.00	0
Heating/Cooling			1.32	213,396
Garages/Carports	$16.00	16,000	1.58	256,000
Comm &/or Aux bldngs	$52.76	3,156	1.03	166,504
Other: Stairs	$1,450	48	0.43	69,600
SUBTOTAL			45.27	7,318,933
Current Cost Multiplier	1.07		48.44	7,831,259
Local Multiplier	0.90		(4.53)	(731,893)
TOTAL DIRECT CONSTRUCTION COSTS			$43.91	$7,099,365
Plans, specs, survy, bld prm	3.50%		($1.32)	($212,920)
Interim Construction Interest	7.00%		(2.63)	(425,839)
Contractor's OH & Profit	8.00%		(3.01)	(486,673)
NET DIRECT CONSTRUCTION COSTS			$36.95	$5,973,933

PAYMENT COMPUTATION

Primary	$7,118,216	Term	480
Int Rate	7.38%	DCR	1.18

Secondary		Term	
Int Rate		Subtotal DCR	1.18

Additional	$0	Term	
Int Rate		Aggregate DCR	1.18

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$554,240
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$101,853

Primary	$7,118,216	Term	480
Int Rate	7.38%	DCR	1.18

Secondary		Term	0
Int Rate	0.00%	Subtotal DCR	1.18

Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,255,241	$1,292,898	$1,331,685	$1,371,636	$1,412,785	$1,637,805	$1,898,664	$2,201,072	$2,958,057
Secondary Income	18,720	19,282	19,860	20,456	21,070	24,425	28,316	32,826	44,115
POTENTIAL GROSS INCOME	1,273,961	$1,312,180	$1,351,545	$1,392,091	$1,433,854	$1,662,230	$1,926,980	$2,233,898	$3,002,172
Vacancy & Collection Loss	95,547	98,413	101,366	104,407	107,539	124,667	144,524	167,542	225,163
Rental Concessions	0	0	0	0	0	0	0	0	0
Employee/Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,178,414	$1,213,766	$1,250,179	$1,287,685	$1,326,315	$1,537,563	$1,782,457	$2,066,356	$2,777,009
EXPENSES at 4.00%									
General & Administrative	$43,626	$45,371	$47,185	$49,073	$51,036	$62,093	$75,545	$91,912	$136,053
Management	58,921	60,688	62,509	64,384	66,316	76,878	89,123	103,318	138,850
Payroll & Payroll Tax	100,065	104,068	108,231	112,560	117,062	142,424	173,281	210,822	312,068
Repairs & Maintenance	69,773	72,564	75,466	78,485	81,624	99,308	120,824	147,001	217,597
Utilities	32,646	33,952	35,310	36,722	38,191	46,465	56,532	68,780	101,811
Water, Sewer & Trash	54,232	56,402	58,658	61,004	63,444	77,190	93,913	114,260	169,132
Insurance	26,543	27,605	28,709	29,857	31,052	37,779	45,964	55,922	82,779
Property Tax	105,315	109,527	113,908	118,465	123,203	149,895	182,371	221,882	328,439
Reserve for Replacements	31,200	32,448	33,746	35,096	36,500	44,407	54,028	65,734	97,302
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$522,320	$542,624	$563,722	$585,646	$608,428	$736,440	$891,581	$1,079,631	$1,584,032
NET OPERATING INCOME	$656,093	$671,142	$686,457	$702,039	$717,887	$801,122	$890,876	$986,725	$1,192,977
DEBT SERVICE									
First Lien Financing	$554,240	$554,240	$554,240	$554,240	$554,240	$554,240	$554,240	$554,240	$554,240
Second Lien	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$97,953	$113,002	$128,317	$143,899	$159,747	$242,982	$332,735	$428,585	$634,837
DEBT COVERAGE RATIO	1.18	1.20	1.23	1.26	1.29	1.44	1.60	1.77	2.14

LIHTC Allocation Calculation - San Marcos Apartments, LIHTC/MRB #00006T

CATEGORY	APPLICANT'S AMOUNT	TDHCA AMOUNT	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	REHAB/NEW CONSTRUCTION ELIGIBLE BASIS
(1) Purchase of Land & Buildings	$375,000	$375,000		
(2) Rehabilitation/New Construction Cost				
On-Site work	$1,092,000	$936,000	$1,092,000	$936,000
Off-Site improvements	$150,000	$179,000		
(3) Construction Hard Costs				
New structures	$6,225,000	$5,973,933	$6,225,000	$5,973,933
Rehabilitation hard costs				
(4) Contractor Fees & General Requirements				
Contractor overhead	$164,194	$138,199	$146,340	$138,199
Contractor profit	$492,581	$414,596	$439,020	$414,596
General requirements	$492,581	$414,596	$439,020	$414,596
(5) Contingencies	$240,000	$240,000	$240,000	$240,000
(6) Eligible Indirect Fees	$410,000	$410,000	$410,000	$410,000
(7) Eligible Financing Fees	$458,500	$458,500	$458,500	$458,500
(8) All Ineligible Costs	$393,366	$393,366		
(9) Developer Fees			$1,417,482	
Developer overhead		$179,716		$179,716
Developer fee	$1,485,000	$1,168,157		$1,168,157
(10) Development Reserves	$300,000	$247,585		
TOTAL DEVELOPMENT COSTS	$12,278,222	$11,528,648	$10,867,362	$10,333,697

Deduct from Basis:			
Ineligible developer and contractor fee			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$10,867,362	$10,333,697
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$14,127,571	$13,433,807
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$14,127,571	$13,433,807
Applicable Percentage		3.65%	3.78%
TOTAL AMOUNT OF TAX CREDITS		$515,656	$507,798
Syndication Proceeds	**0.8300**	**$4,279,948**	**$4,214,723**

Applicant Evaluation

Project ID # **060621** Name: **Champion's Crossing** City: **San Marcos**

LIHTC 9% [ ] LIHTC 4% [x] HOME [ ] BOND [x] 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 [x] No

Noncompliance Reported on National Previous Participation Certification: [ ] Yes [ ] No

Portfolio Management and Compliance

Total # of Projects monitored: 17

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

in noncompliance: 0

Projects grouped by score: zero to nine: 14; ten to nineteen: 2; twenty to twenty-nine: 1

monitored with a score less than thirty: 17

not yet monitored or pending review: 2

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

# of projects not reported 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	[x]	Not applicable	[x]	Not applicable	[x]
Review pending	[ ]	Review pending	[ ]	No unresolved issues	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]	Not current on set-ups	[ ]
Unresolved issues found	[ ]	Issues found regarding late cert	[ ]	Not current on draws	[ ]
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Issues found regarding late audit	[ ]	Not current on match	[ ]
		Unresolved issues found that warrant disqualification (Comments attached)	[ ]		

Reviewed by Patricia Murphy Date 5/31/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (Workout)	
Not applicable	[ ]	Not applicable	[x]	Not applicable	[ ]
Review pending	[ ]	Review pending	[ ]	Review pending	[ ]
No unresolved issues	[x]	No unresolved issues	[ ]	No unresolved issues	[x]
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	Sandy M. Garcia	Reviewer	David Burrell
Date	5 /25/2006	Date	5 /30/2006	Date	6 /1 /2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	[x]	Not applicable	[x]	No delinquencies found	[x]
Review pending	[ ]	Review pending	[ ]	Delinquencies found	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]		
Unresolved issues found	[ ]	Unresolved issues found	[ ]		
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Unresolved issues found that warrant disqualification (Comments attached)	[ ]		
Reviewer	EEF	Reviewer	Raul Gonzales	Reviewer	Melissa M. Whitehead
Date	5 /31/2006	Date	5 /26/2006	Date	8 /16/2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
CHAMPION'S CROSSING APARTMENTS
SERIES 2006

PUBLIC HEARING

Kyle Elementary School
500 West Blanco
Kyle, Texas

Tuesday
May 23, 2006
6:00 p.m.

BEFORE:

TERESA MORALES, Multifamily Bond Administrator

P R O C E E D I N G S

MS. MORALES: Good evening. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 6:11 p.m. on Tuesday, May 23, 2006, and we are at the Kyle Elementary School, located at 500 West Blanco, Kyle, Texas.

I'm here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily rental housing mortgage revenue bonds. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The Department's board is scheduled to meet to consider the transaction on July 28, 2006. 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 July 14, 2006.

The bonds will be issued as tax-exempt

multifamily mortgage revenue bonds in the aggregate principal amount not to exceed 4,550,000 and taxable bonds, if necessary, in an amount to be determined. The bonds will be 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 South Creek Housing, Ltd., or a related person or affiliate entity thereof, for the following purposes: Paying a portion of the costs of issuing the 2000 bonds, and refunding a portion of the Multifamily Mortgage Revenue Bonds, Champion's Crossing Apartments, Series 2006, the proceeds of which were loaned to South Creek Housing, Ltd.

The multifamily rental housing community will be initially owned and operated by South Creek Housing, Ltd., or a related person or affiliate entity thereof.

I would like to now open the floor for public comment. Are there any individuals present who wish to make a comment on the record?

(Pause.)

MS. MORALES: Okay. With that being said -- and there are no attendees this evening -- the meeting is now adjourned. And the time is 6:14 p.m.

(Whereupon, at 6:14 p.m., this public hearing was concluded.)

C E R T I F I C A T E

IN RE: Champion's Crossing Apartments

LOCATION: Kyle, Texas

DATE: May 23, 2006

I do hereby certify that the foregoing pages, numbers 1 through 5, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Sunny Peer before the Texas Department of Housing and Community Affairs.

05/25/2006
(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Presentation, Discussion and Possible Approval of the Housing Trust Fund Predevelopment Loan Program Policy and Notice of Funding Availability (NOFA).

Required Action

Approve, Deny or Approve with Amendments the Housing Trust Fund Predevelopment Loan Program Policy and NOFA.

Background

The Predevelopment Loan Program was developed in 1998 as a response to public input to provide a source of public investment to qualified nonprofit developers. The program provides nonprofit developers the means to fund predevelopment activities, often paid for by investors for for-profit developers. Examples of these activities include market studies, architectural and engineering studies, feasibility analysis, legal fees and consulting fees. These activities are necessary for submitting applications for Housing Tax Credits, Multifamily Mortgage Revenue Bonds and other multifamily and single family development programs. The program also assists in the Department's fulfillment of statutory requirement (§2306.202 Texas Government Code) to fund developments owned and developed by nonprofit entities. The program, through its funding of predevelopment activities, has helped to facilitate the creation of more than $34 million in affordable housing development for an investment of less than $3 million over the past 8 years.

The 2006 HTF Predevelopment Loan Program highlights include:

- Award maximum of $50,000 per development
- Applicants limited to no more than $100,000 in total outstanding predevelopment debt
- Mandatory repayment condition for any future Department funding for the applicant and/or ownership entities
- For the first thirty days of the Application acceptance period the Department will accept and consider Applications on a competitive basis, utilizing the Regional Allocation Formula. After the thirtieth day of the Application acceptance period, Applications will be reviewed on a first-come first-served basis, in accordance with §7 of the NOFA.
- If approved, the NOFA will be published in the September 18, 2006 edition of the *Texas Register.*
- The deadline for accepting applications under the competitive cycle will be October 17, 2006.
- The deadline for accepting applications under the open cycle will be November 30, 2006.

Recommendation

Staff recommends that the Housing Trust Fund Predevelopment Loan Program Policy and NOFA be approved as presented.

HTF Predevelopment Loan Program

2006 Program Policy and Notice of Funding Availability

1) **Policy Summary**

   a) The Texas Department of Housing and Community Affairs (the Department), through its Housing Trust Fund (HTF), is pleased to announce the availability of **Four Hundred Thousand Dollars ($400,000)** to provide preliminary capital to qualified nonprofits and Community Housing Development Organizations (CHDOs) involved in the development of affordable housing. The program provides funds in the form of zero percent (0%) interest loans for predevelopment expenses including market studies, site plans, architectural and engineering studies, and other pre-construction expenses allowed by the Department's rules and this program Policy and Notice of Funding Availability (NOFA). Predevelopment loans are required to be repaid out of construction and permanent financing resources, cash reserves, financial guarantees, or through the capture of collateral. Amendments, restructuring or forgiveness of predevelopment loans can only be granted by the Department's Board of Directors and may result in borrowers being ineligible or debarred from the Department's other programs.

   b) Approved borrowers will execute a promissory note with the Department agreeing to comply with all statutory, regulatory, and other legal requirements applicable to the Housing Trust Fund, and to execute their proposed development as depicted in their Application for funding.

2) **Allocation of Funds**

   a) This program will be regionally allocated. For the first thirty days of the Application acceptance period the Department will accept and consider Applications from all urban/exurban areas and rural areas of each uniform state service region. If more than one Application is submitted from any urban/exurban or rural area of one state service region during the first 30 days, the Application with the highest score will be awarded funds. If insufficient funds are available to fund both an urban/exurban and rural area Application, the rural area Application will be given priority. In the case of a scoring tie, the Applicant with the highest cash assets to liabilities ratio, calculated in during the loan grading process, will be used to determine the award. After the thirtieth day of the Application acceptance period, Applications will be reviewed on a first-come first-served basis, in accordance with §7 of this NOFA.

   b) All funding allocated but not awarded through this program will be deobligated and made available for use by other HTF programs on or before March 31, 2007.

3) Eligible Applicants

a) Applicants must be entities that meet the definition of a Nonprofit Organization as defined in 10 TAC §51.2(17). Applicants must have been established in the State of Texas and be actively registered with the Texas Secretary of State. Applicants will be required to submit an active determination letter from the Internal Revenue Service.

b) Applicants must have, and will be required to submit, at least two full years of audited financial statements or two years of filings with the Internal Revenue Service, and will be required to submit them in the Application process. An operating budget approved by the governing body of the nonprofit for 2005 or 2006 will also be required. Organizations with less than two full years of financial statements will not be eligible for funding.

c) The Department will require that a release of credit information be provided for all Persons affiliated with the Applicant and Guarantor of the Application, including all Board members of the Applicant. Applicants will be ineligible for funding if they have defaulted or required extensions to HTF predevelopment loans during the past year. Applicants who have any finding of material non-compliance or delinquent contracts with TDHCA, or meet any of the criteria under 10 TAC §51.5(d) will not be considered for funding.

d) Applicants will be evaluated on experience, pursuant to 10 TAC §50.9(g), in the evaluation process. Applicants are encouraged to form partnerships between qualified nonprofit organizations to meet experience requirements. Partnerships must be formed and registered with the Texas Secretary of State. The managing general partner must also have effective control (i.e. 51% ownership or greater) over the partnership, as determined by the Department.

4) Eligible Activities

a) Pursuant to §2306.202 of the Texas Government Code, the Housing Trust Fund's Predevelopment Loan program supports the development of affordable housing by providing zero percent (0%) interest loans. The maximum term for all loans will be 24 months. An interest rate of 18% or the maximum allowed under state law will be charged on all unpaid principal or interest, if any, after 24 months. Applicants must be proposing to develop housing for low-income Texans earning 80% or less than the Area Medium Family Income (AMFI) for their target community. Additionally, at least 50% of all planned units must be affordable to persons earning at least 60% or less of the AMFI, pursuant to 10 TAC §51.3(e).

b) Applicants may propose affordable rental or homeownership developments. All housing developed as a result of predevelopment funds must also meet all state and local building codes as detailed in the Application materials.

c) At a minimum, Applicants will be required to complete the following activities using predevelopment funding:

   i) Market Study. A market analysis must be complete by a third party provider approved by the Department, pursuant to 10 TAC §1.33.

   ii) Environmental Assessment. A Phase I Environmental Site Assessment must be completed by a third party provider, pursuant to 10 TAC §1.35.

iii) Property Condition Assessments. For development proposals involving the rehabilitation of existing residential structures, a Property Conditions Assessment completed by a third party provider pursuant to 10 TAC §1.36.

d) Additional eligible activities and expenses that the Department determines to be eligible and necessary may include, but are not limited to:

   i) consulting and legal fees (not more than 15% of the predevelopment loan amount);

   ii) architectural and engineering fees;

   iii) site control, option extensions and title clearance; and

   iv) zoning approvals.

e) Predevelopment costs do not include general operational or administrative costs, staff salaries, or any other cost deemed ineligible by the Department, pursuant to 10 TAC §51.2(21)(c). Predevelopment loans may not be used for previously funded expenses, unless approved by the Department and included in the promissory note and final budget.

5) Threshold Criteria

a) To ensure that each Application meets the Department's regulations, the Applicant must be prepared to complete their proposed Development and have the financial resources to repay the Department's loan. Applicants will be required to complete and submit the following threshold criteria:

   i) Evidence of Property Control. Applicants must submit documentation that they have legal control over the proposed development site. Evidence must be in the name of the Applicant. The site control must be valid for a period not less than 6 months from the date of the Application submission and have an option to extension clause guaranteeing the rights of the Applicant for at least one full year from the date of Application submission. Evidence of Site control must be provided in the following manner:

      (1) a recorded warranty deed; or

      (2) a contract for lease (the minimum term of the lease must be at least 45 years) which is valid for at least one year from the date of Application submission; or

      (3) a contract for sale, an exclusive option to purchase or earnest money contract (which must show that the earnest money has been deposited) that is valid for six months with option to extension for at least one year from the date of Application submission.

   ii) Ownership Agreements. Applicants applying in partnership with qualified nonprofit entities, must submit their signed and notarized partnership agreements, and a Certificate of Good Standing from the Texas Comptrollers Office. Partnerships involving qualified CHDO applicants must state that the CHDO partner is the Managing General Partner and control at least 51% of the voting rights of the partnership.

   iii) Credit Worthiness and Financial Statements. Applicants will be required to submit an Authorization to Release Financial Information and Financial Statement certification forms for all Persons with a controlling interest in the Applicant and Partnership, pursuant to 10 TAC §50.9(h)(13). Pursuant to 10 TAC §50.3(58), Person shall include any natural person or group of Persons acting in concert toward a common goal. Therefore each member of the Applicant's Board of Directors, its Executive Members and Executive Director will be required to submit an Authorization to Release Financial Information and Financial Statement Certification form.

iv) Previous Participation. Applicants will be required to submit executed Previous Participation and Background Certification and National Previous Participation and Background Certification forms, pursuant to 10 TAC §50.9(h)(9)(C & D).

v) Projected Proformas and Budgets. Applicants will submit a brief operating proforma and development cost schedule. This information will be used to complete a basic financial feasibility review of the development. Additionally, a development timeline will be submitted and used to determine the anticipated date of completion of the development and repayment timeline for the Predevelopment loan.

vi) Relocation. Pursuant to §2306.203(4) of the Texas Government Code, funds may not be made available to a Development that permanently and involuntarily displaces individuals and families of low income. Applicants will be required to certify that no low-income families will be displaced as a result of the predevelopment Application and ultimately the final development.

vii) Length of Affordability. Pursuant to §2306.203(6) of the Texas Government Code, Applicants proposing to develop multifamily housing will be required to guarantee that the Development will remain affordable to income qualified families or individuals for a period of 20 years. Applicants will be required to certify to this criteria and record a Land Use Restriction Agreement (LURA) at the time the Development site is purchased. If the Applicant already owns the Development Site, a 20 Year LURA will be recorded at the time of closing of the Predevelopment Loan. LURAs will contain exemption clauses to allow for the dispossession of properties in the case that the proposed Development is not initiated or completed.

viii) Development Standards. Applicants will submit general information regarding the size, type and amount of housing proposed for development. All Development proposals must meet the Department's Development Standards, located at 10 TAC §50.5(c), and cannot be considered Ineligible Building Types, pursuant to 10 TAC §50.3(49). Ineligible Building Types include, but are not limited to:

(1) 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;

(2) 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;

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

(4) Any Development with building(s) with four or more stories that does not include an elevator; and

(5) Any Development proposing New Construction, other than a Development (New Construction or Rehabilitation) composed entirely of single-family dwellings, having more than 5% of the Units in the Development with four or more bedrooms.

ix) Integrated Housing. Applicants may not propose Development's that violate 10 TAC §1.15. In summary, proposed Developments may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations in the following manner:

(1) Large Developments (50 or more units) that reserve more than 18% of its units for persons with disabilities;

(2) Small Developments (less than 50) that reserve more than 36% of its units for persons with disabilities;

(3) Applicants may not market entirely, nor limit occupancy to, persons with disabilities;

(4) Applicant's should note that certain exceptions apply to this rule, and should reference 10 TAC §1.15 for further details.

x) Accessibility. Applicants will be required to certify that all housing built as a result of the predevelopment loan meet the following accessibility standards:

(1) Single Family housing will meet all accessibility requirements outlined at §2306.514 of the Texas Government Code;

(2) Multifamily housing will meet all accessibility requirements of §504 of the 1973 Federal Rehabilitation Act;

(3) All housing will meet all accessibility requirements of the Federal Fair Housing Act; and

(4) All common areas, leasing offices and community spaces will meet the accessibility requirements of the American's with Disabilities Act.

xi) Resolution Requirements. The Department requires that all Applications submitted must include a resolution from the applicant's direct governing body (Board of Directors or Members of the General Partnership) authorizing the submission of the Application and detailing the correct signatory authority and title block for all contracts and commitments.

xii) Audit Requirements. An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the Application submission date per 10 TAC §1.3(b). This is a threshold requirement outlined in the Application, therefore, Applications that have past due audits will be disqualified. Staff will not recommend Applications for funding to the Department's Governing Board unless all unresolved audit findings, questioned or disallowed costs are resolved per 10 TAC §1.3(c).

xiii) Employment Opportunities. Pursuant to 10 TAC §51.8(a), in connection with the planning and carrying out of any project assisted under the Housing Trust Fund, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely low-income persons residing within the area in which the project is located. Applicants will certify to this in the Application.

xiv) Conflict of Interest. Applicants will certify that no conflicts of interest are present or shall occur after the time of award, pursuant to 10 TAC §51.8(b).

xv) Public Notifications. Pursuant to 10 TAC §52.6(j), 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 will cause any Application to be terminated. 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.

6) Review Process

a) Pursuant to 10 TAC §51.6(c), Applications received by the Department in response this NOFA for housing development activities will be handled in the following manner:

i) The Department will accept Applications on a competitive basis from September 18, 2006 through October 17, 2006. All Applications must be received during business hours and no later than 5:00 p.m. on any business day. Applications received at this time will be reviewed and processed pursuant to 10 TAC §51.6(e).

ii) Each Application received after October 17, 2006 will be handled on a first-come, first-served basis as further described in 10 TAC §51.6(c). Each Application will be assigned a “received date” based on the date and time it is physically received by the Department. Each Application will be reviewed for Eligibility and Threshold Criteria. 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.

iii) All Applications that successfully pass through the Eligibility and Threshold criteria reviews will be scored and given a loan rating. All Applications (competitive or open cycle) will be required to obtain a minimum score as detailed in §7 of this NOFA and Program Policy to be recommended for funding to the Department's Board.

iv) Applications that complete the review and evaluation process, and obtain the minimum score and loan grade necessary to be recommended to the Board during the competitive review process could be awarded at the Department's December 14, 2006 meeting. Applications that complete the review and evaluation process, and obtain the minimum score and loan grade necessary to be recommended to the Board during the open cycle review process may be awarded at the first meeting following 21 days from the completion of the review process.

v) The deadline to submit an application under this NOFA is November 30, 2006.

b) Because Applications will be prioritized by "received date," after October 17, 2006 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 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.

c) 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. 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 reserves the right to negotiate individual elements of any Application.

d) 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. Applicants will have 7 business days to correct deficiencies, pursuant to 10 TAC §51.6(c), before losing their "received by" date.

7) Selection Process

a) For the first thirty days of the Application acceptance period the Department will accept and consider Applications from each state service region. If more than one Application is submitted from any one state service region, the Application with the highest score will be awarded funds. If more than one Application is submitted from any urban/exurban or rural area of one state service region during the first 30 days, the Application with the highest score will be awarded funds. If insufficient funds are available to fund both an urban/exurban and rural area Application, the rural area Application will be given priority. In the case of a scoring tie, the Applicant with the highest cash assets to liabilities ratio, calculated in during the loan grading process, will be used to determine the award. After the thirtieth day of the Application acceptance period, Applications will be reviewed and recommended to the Board in accordance with the Open Cycle Application rules as outlined at 10 TAC §51.6(c). Additionally, all Applications will be scored and given a loan grade. Applications will be required to obtain a minimum score of 35 points to be recommended for funding to the Department's Board. Pursuant to §2306.203 of the Texas Government Code, the criteria used for scoring will include:

i) Leveraging of Federal Resources. Applicants will receive 10 points for providing evidence that their Development has received a commitment of Federal Financial assistance through a branch of local, state or national government for the proposed Development in the Application.

ii) Cost-Effectiveness of a Proposed Development. Applicants will receive 10 points for Developments that do not exceed $70 per square foot for new construction and $38 per square foot for rehabilitation. These numbers are the target average Development costs the Department currently uses for its Legislative Budget Performance Measures.

iii) Very Low Income Targeting. Applicants will receive 10 points for proposed developments that provide at least 50% of units to families or individuals earning 50% or less of the area medium income (AMI).

iv) Developments in Rural Areas. Pursuant to §2306.203(5)(A) of the Texas Government Code, special emphasis will be placed on allocating funds to Developments located in rural areas. Under this NOFA, Developments located in rural areas, as defined by the Departments Housing Needs Characteristics list, will receive 8 points.

v) Developments located in High Needs Areas. Pursuant to §2306.203(5)(B), of the Texas Government Code, consideration of the number and percentage of income-qualified families in different geographical areas will be taken in the allocation of funds. Under this NOFA, Applicants will receive up to 7 points based on the Affordable Housing Needs Score (AHNS) for the place or location of the Development site. The AHNS list will be provided in the Application materials.

vi) Applicants will receive 5 points for proposed Developments that will build at least 20% of their units to be accessible per the applicable accessibility standard.

b) Loan ratings for Applications will be based on a scale from A to D, A being the highest obtainable score. The loan grade will be based on the accumulation of points from the following categories:

i) Ability to Pay. This section represents 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. The information needed to support this scoring item is contained in the applicant's audited financial statements, credit reports and other financial documentation.

(1) Applicant receives a score of 3 if:

(a) The Applicant's current assets-to-liabilities ratio (current assets divided by current liabilities) is greater than 2:1;

(b) The Applicant's long-term debt ratio (total long-term debt divided by total assets) is less than 75%;

(c) The Applicant's short-term debt ratio (the sum of accounts payable plus short-term debt, divided by cash assets) is less than 50%;

(d) The Applicant has executed commitments for permanent financing; and

(e) The Applicant has no record of defaults or compliance findings with the Department within the past two years

(2) Applicant receives a score of 2 if:

(a) The Applicant's current assets-to-liabilities ratio (current assets divided by current liabilities) is greater than 2:1;

(b) The Applicant's long-term debt ratio (total long-term debt divided by total assets) is less than 75%;

(c) The Applicant's short-term debt ratio (the sum of accounts payable plus short-term debt, divided by cash assets) is less than 50%;

(d) The applicant has conditional commitments or letters of interest for construction or permanent financing; and

(e) The Applicant has cleared all defaults or compliance findings with the Department.

(3) Applicant receives a score of 1 if:

(a) The Applicant's current assets-to-liabilities ratio (current assets divided by current liabilities) is greater than 1.5:1;

(b) The Applicant's long-term debt ratio (total long-term debt divided by total assets) is less than 75%;

(c) The Applicant's short-term debt ratio (the sum of accounts payable plus short-term debt, divided by cash assets) is greater than 50%;

(d) The applicant has conditional commitments or letters of interest for construction or permanent financing; and

(e) The applicant has experienced delinquencies or has been through TDHCA's Asset Management workouts within the past year;

(4) Applicant receives a score of 0 if:

(a) The Applicant's current assets-to-liabilities ratio (current assets divided by current liabilities) is less than 1.5:1;

(b) The Applicant's long-term debt ratio (total long-term debt divided by total assets) is less than 75%;

(c) The Applicant's short-term debt ratio (the sum of accounts payable plus short-term debt, divided by cash assets) is greater than 50%;

(d) The applicant has conditional commitments or letters of interest for construction or permanent financing; and

(e) The applicant has no plan for permanent financing; and

(f) The applicant has experienced delinquencies or has been through TDHCA's Asset Management workouts within the past year;

ii) Capacity and Experience. This scoring item is determined through a review of the applicant and development partners' previous experience. Staff will use evidence of previous development experience and review of previous awards and contract management from the Department to score this item.

(1) Applicant receives a score of 3 if:

(a) The applicant has developed more than 2x the number of units proposed in the Application;

(b) The applicant's development partners have developed more than 2x the number of units proposed in the Application;

(c) The applicant has no evidence of material non-compliance on Department contracts for the past five years; and

(d) The applicant has no evidence of audit findings on Department contracts for the past five years.

(2) Applicant receives a score of 2 if:

(a) The applicant has developed at least as many units as proposed in the Application;

(b) The applicant's development partners have developed more than 2x the number of units proposed in the Application;

(c) The applicant has no evidence of non-compliance on Department contracts for the past two years; and

(d) The applicant has no evidence of audit findings on Department contracts for the past two years.

(3) Applicant receives a score of 1 if:

(a) The applicant has developed at least half as many units as proposed in the Application;

(b) The applicants development partners have developed at least as many units as proposed in the Application;

(c) The applicant has no current contracts with pending compliance findings; and

(d) The applicant has no current unresolved audit findings.

(4) Applicant receives a score of 0 if:

(a) The applicant has little or no development experience;

(b) The applicant's development partners have developed at least as many units as proposed in the Application;

(c) The applicant has current contracts with the Department that have compliance findings that are less than 90 days old; and

(d) The applicant has un-resolved audit findings on Department contracts for the past two years.

iii) Financial Condition. This grading item is a measure of the financial strength of the organization as shown on the Applicant's financial statements. The indicators used include, but are not limited, to the Applicant's debt to equity ratio, net worth, and balance of cash reserves.

(1) Applicant receives a score of 3 if:

(a) The financial statements for the past two years represent a debt to equity ratio that is decreasing or improved over the period or the current ratio is greater than 1;

(b) The Applicant's cash on hand is at least 10% of net assets;

(c) The Applicant's cash on hand is increasing over the past two years; and

(d) The Applicant has no delinquencies, defaults, judgments, collections or bankruptcies listed on their credit reports.

(2) Applicant receives a score of 2 if:

(a) The current debt to equity ratio is greater than 1;

(b) The Applicant's cash on hand is at least 10% of net assets; and

(c) The applicant's cash on hand is stable over the past two years.

(d) The Applicant has no defaults, judgments, collections or bankruptcies listed on their credit reports.

(3) Applicant receives a score of 1 if:

(a) The current debt to equity ratio is between 1 and .80;

(b) The Applicant's cash on hand is stable and at least 7% of net assets;

(c) The Applicant's cash on hand has decreased over the past two years; and

(d) The Applicant has no defaults, or bankruptcies listed on their credit reports.

(4) Applicant receives a score of 0 if:

(a) The current debt to equity ratio is less than .80;

(b) The Applicant's cash on hand is less than 7% of net assets;

(c) The Applicant's cash on hand has decreased over the past two years; and

(d) The Applicant has a default, judgment, or bankruptcy listed on their credit reports.

c) Applicants must receive a grade of A or B to be recommended for funding. Applicant's grades are based on the following ranges:

   i) A = score of 8 or 9;

   ii) B = score of 6 or 7;

   iii) C = score of 3 to 5;

   iv) D = score of 0 to 2

8) Awards and Closing Process

a) Once awards have been made by the Board, the Department will issue loan commitments detailing the rates, terms, and all due diligence materials required to complete loan closings. Applicants will be required to submit all due diligence materials prior to the preparation of closing documents:

   i) Texas Application for Payee ID#, Direct Deposit Form, and TDHCA Contract System Access Request Form;

   ii) Final Budget with Sources and Uses;

   iii) Supporting documentation proving fulfillment of all underwriting requirements noted in the Commitment Letter prior to TDHCA loan closing;

   iv) A recorded Land Use Restriction Agreement; and

   v) Any other document the Department deems necessary to complete the closing process.

b) Applicants should note that all awardees must abide by the Housing Trust Fund Rules relating to records to be maintained and compliance review procedures detailed at 10 TAC §51.10 and 10 TAC §60.

c) All loan agreements and contracts under the HTF Predevelopment Loan program shall require repayment of awards at the time of closing of bonds or housing funds provided to the development by the Department, or prior to the commitment of housing tax credits from the Department.

d) Failure to repay HTF Predevelopment Loans may result in the exclusion or debarment of the Applicant, and affiliates of the Applicant, for a period of up to five years from all Department programs.

9) Application Acceptance

a) Application materials must be organized and submitted in the manner detailed in the Application manual. Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials. All scanned copies must be scanned in accordance with the guidance provided in the Application manual.

Applications must be sent to:

For overnight delivery to:

Multifamily Finance Production Division

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, TX 78701-2410

Or via the U.S. Postal Service to:

Multifamily Finance Production Division

Texas Department of Housing and Community Affairs

Post Office Box 13941

Austin, TX 78711-3941

NOTE: This NOFA does not include the text of the various applicable regulatory provisions that may be important to the Housing Trust Fund. For proper completion of the Application, the Department strongly encourages potential applicants to review 10 TAC §§50 & 51, and §2306 of the Texas Government Code. These regulatory provisions may be found on the TDHCA website at http://tdhca.state.tx.us/, under "TDHCA Governing Statute (PDF)" and "TDHCA Rules (TAC)."

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
August 30, 2006

Action Items

Presentation, Discussion and Possible Approval for waiver of the deadline to submit extensions pursuant to §50.20(l) of the 2006 Qualified Allocation Plan (QAP), and possible approval of a request for an extension of the deadline to submit specific items of the 2006 Commitment Notice package and commitment fee are summarized below.

Required Action

Approve or deny these requests for an extension and waivers related to 2006 Competitive Housing Tax Credit (HTC) commitments.

Background

On August 11, 2006 the Department issued 48 commitment notices to developments awarded HTCs from the 2006 tax credit ceiling. Each of those notices was required to be signed and submitted with a commitment fee to the Department no later than August 21, 2006. In addition to the signed commitment notices, many developments were required to submit certain conditional items, also due August 21, 2006, such as evidence of final commitments of funding from local, private, state or federal sources.

The 2006 QAP allows applicants to requests extensions to deadlines relating to commitment notices. Pursuant to §50.20(l) of the QAP, "All extension requests relating to the Commitment Notice...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. The extension request shall specify a requested extension date and the reason why such an extension is required...".

Due to the cancellation of the September 2006 TDHCA Board meeting, the Department is requesting a waiver from the Board of the requirement that all extensions be submitted 15 business days prior to the Board meeting, pursuant to §50.20(l) so that all extension request determinations relating to deadlines outlined in the August 11, 2006 commitment notice may be made at the August 30, 2006 Board meeting. Should the Board deny the waiver, these determinations will be made at the October 12, 2006 Board meeting.

One extension was received by August 21, 2006. Pertinent facts about the request for the extension are given below. The request was accompanied by a mandatory $2,500 extension request fee.

HTC No. 060132, Vista Pines

Summary of Request: Applicant requests an extension of the deadline to submit a funding commitment for points awarded pursuant to §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The request results from the need for the local political subdivision to obtain its Board's approval of an unconditional commitment. The local political subdivision, Deep East Texas Council of Governments (DETCOG), was greatly affected by Hurricane Katrina, and DETCOG is facing some delays in obtaining this final approval. The applicant has already submitted their executed commitment notice, commitment fee, and all other required documents.

Applicant:	Nacogdoches Vista Pines Apartment Homes, LP
General Partner:	Nacogdoches Vista Pines Apartment Homes I, LLC
Developer:	Lankford Interests, LLC
Principals/Interested Parties:	Michael Lankford, sole owner of GP and developer
Syndicator:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	DETCOG
City/County:	Nacogdoches/Nacogdoches
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	76 HTC units
2006 Allocation:	$793,915
Allocation per HTC Unit:	$10,446
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Current Deadline:	August 21, 2006
New Deadline Requested:	October 10, 2006
New Deadline Recommended:	**October 10, 2006**
Staff Recommendation:	**Approve extension as requested.**

LANKFORD INTERESTS

DEVELOPMENT · CONSTRUCTION · PROPERTY MANAGEMENT

August 15, 2006

RECEIVED
AUG 1 RECD
Multifamily Finance Division

Jen Joyce
Interim Manager of Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: TDHCA # 060132 Vista Pines Apartment Homes

Dear Jen;

Per Section 50.20 (i) of the 2006 QAP I would respectfully request an extension of the expiration date of the attached commitment notice from August 21, 2006 to October 10, 2006. The requested extension is for the satisfaction of the conditions and payment of the commitment fee.

The reason for the requested extension is to allow the Local Public Subdivision to present an unconditional funding commitment request to its Board of Directors. As you probably know Deep East Texas Council of Governments (DETCOG) is located in Jasper, Texas and represents a 12 county area in East Texas that was devastated by Hurricane Katrina. As you can imagine it has experienced a tremendous drain on it financial resources as a result of demands from Katrina. DETCOG is one of the Council of Governments (COG) requesting assistance under the State of Texas Action Plan for Community Development Block Grant (CDBG) Disaster Recovery Grantees under the Department of Defense Appropriations Act 2006, which is currently before TDHCA for approval of the distribution of funds.

Walter Diggles, the Executive Director of DETCOG has testified before the TDHCA in the last several months as to the critical need for additional funding to meet their housing goals and commitments. The funding of the $270,000 for Vista Pines Apartment Homes is one of those commitments. In my discussions with Mr. Diggles, he understands the huge increased need for affordable housing in this area of the state and is dedicated to doing everything possible to provide this housing. However because the previously mentioned depletion of general funds has created a potential liquidity problem he is hesitant to make the commitment without first presenting the commitment request to the Board of Directors of DETCOG. He has suggested he would like to find out the results of the August 30th TDHCA Board meeting before making the presentation to his Board. He has indicated from discussions with the President of the Board and members of the Board he does not anticipate any problem with the commitment. Because the DETCOG Board meets the 4th Thursday of the month the next Board meeting after the August 30th TDHCA Board meeting is September 28th. Therefore the October 10th extension request.

Please find attached the extension fee of $2,500.

3858

LANKFORD INTERESTS
4900 WOODWAY STE #750
HOUSTON, TEXAS 77056
(713) 626-9655

AMEGY BANK
PO BOX 27459
HOUSTON, TEXAS 77227-7459
(713) 235-8810

35-1125/1130

8/16/2006

TO THE
ER OF TDHCA

$ **2,500.00

Two Thousand Five Hundred and 00/100** DOLLARS

TDHCA

MO

TDHCA #060132 (VISTA PINES)

⑈003858⑈ ⑆113011258⑆ 3151603⑈

NKFORD INTERESTS 3858

TDHCA 8/16/2006

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
8/16/2006	Bill	VP-TDHCA-060132	2,500.00	2,500.00		2,500.00
					Check Amount	2,500.00

LI - Amegy 1603 TDHCA #060132 (VISTA PINES) 2,500.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

OFFICE OF RURAL COMMUNITY AFFAIRS

BOARD ACTION REQUEST
August 30, 2006

Action Item

The following approval is recommended related to the use of non-housing Texas Community Development Block Grant Disaster Recovery Funds in areas impacted by Hurricane Rita:

1. Presentation, Discussion and Approval of Disaster Relief Conditional Awards for Non-housing Projects in Accordance with the State of Texas Action Plan for CDBG Disaster Recovery Grantees.

Required Action

Action 1: Approval of funding awards for non-housing projects as previously allocated on July 28, 2006 for each eligible city or county government and federally recognized Indian Tribes in Deep East Texas Council of Governments (DETCOG), East Texas Council of Governments (ETCOG, Houston-Galveston Area Council (H-GAC), and Southeast Texas Regional Planning Commission (SETRPC) as listed in **ATTACHMENT A**.

Action 2: Approval of non-housing project delivery costs funds for the DETCOG eligible cities and counties and federally recognized Indian Tribes.

Action 3: Approval of revised method of distribution for DETCOG.

Action 4: Authorize the Executive Director of the Office of Rural Community Affairs (ORCA) to execute contracts for non-housing projects as approved by the TDHCA Governing Board.

Background

The U.S. Department of Housing and Urban Development (HUD) approved the State of Texas Action Plan (Action Plan) related to the *CDBG Disaster Recovery Funds to Areas Most Impacted and Distressed by Hurricane Rita* on June 16, 2006. According to the Action Plan, all contract awards require TDHCA Governing Board approval. On July 28, 2006, the Governing Board approved the method of distribution, housing and non-housing allocations, housing project award recommendations in three COGs, and the planning/project delivery costs. Non-housing projects were not recommended for approval at the July 28th Board Meeting.

On July 28, 2006, the TDHCA Governing Board approved $30,537,574 for non-housing activities by COG as follows:

	APPROVED
Total Direct Services	$29,772,796
Total General Administration	$ 214,816
Total Planning/Project Delivery	$ 549,962
Grand Total	**$30,537,574**

Project delivery costs for eligible applicants in the DETCOG region were not included with the administrative costs requested by the COGs prior to the July 28, 2006 board meeting. The result will be an increase in the amount of funding for project delivery costs.

Discussion of Eligibility of Projects and Compliance with National Objectives

Following the approval of the allocations and method of distributions by the TDHCA Governing Board, each COG was requested to submit project specific information to ORCA. The information was received by the established deadline of August 17, 2006. ORCA reviewed each project to determine project eligibility, compliance with the CDBG national objectives, and compliance with the State of Texas Action Plan.

ORCA determined that projects that address shelters and other projects that meet the impact requirement through a failure to function are eligible. ORCA has also determined that shelters that address compliance through the urgent need national objective are justified since the communities have documented that the lack of shelters or inadequate shelters posed an imminent threat to health and safety for evacuees during Hurricane Rita. ORCA has determined that the primary purpose of these public facilities will be to house evacuees. Without this primary use, ORCA would not otherwise recommend these projects for disaster recovery funding. Attachment A contains the information regarding impact and a failure to function justification for each project recommended. ORCA will continue to work with HUD to obtain written confirmation on the discussions held with TDHCA and ORCA staff regarding these matters. ORCA proceeded in good faith to provide direction to communities after receiving guidance from HUD regarding circumstances acceptable to fund shelters and other such projects.

Below is the funding amounts recommended by each COG based on eligible projects:

	Approved
DETCOG	$12,178,209
ETCOG	$ 2,099,997
H-GAC	$ 3,690,712
SETRPC	$12,468,656
GRAND TOTAL	**$30,537,574**

Deep East Texas Council of Governments (DETCOG) REVISED

On July 28, 2006, the TDHCA Governing Board allocated funding for general administrative services and planning/project delivery costs. Estimates provided for the DETCOG did not include project delivery costs necessary to implement the projects at the community level. The revised funding distribution is provided below:

	Approved
Total Direct Services	$12,178,209
Total General Administration	$ 11,741
Total Planning/Project Delivery	$ 88,259
Grand Total	**$12,278,209**

East Texas Council of Governments (ETCOG)

Direct Services	$ 1,889,997
General Administration	$ 24,313
Planning / Project Delivery	$ 185,687
TOTAL	**$2,099,997**

ETCOG CDBG Disaster Recovery Non-Housing Project Costs and Proposed Beneficiaries

COG	Project Costs	Engineering Costs	Project Delivery Costs	Total Costs	Proposed Beneficiaries	Proposed Low/Mod. Income Beneficiaries	%
ETCOG	$1,935,747	$28,750	$85,500	$2,049,997	118,583	50,111	42.26

Houston-Galveston Area Council (H-GAC)

Total Direct Services	$3,357,822
Total General Administration	$ 18,639
Total Planning/Project Delivery	$ 314,251
Grand Total	**$3,690,712**

H-GAC CDBG Disaster Recovery Non-Housing Project Costs and Beneficiaries

COG	Project Costs	Engineering Costs	Project Delivery Costs	Total Costs	Proposed Beneficiaries	Proposed Low/Mod. Income Beneficiaries	% Low/Mod. Beneficiaries
H-GAC	2,904,581	109124	190,451	3,204,156	37,789	153,773	41.36

Southeast Texas Regional Planning Commission (SETRPC)

Total Direct Services	$11,928,533
Total General Administration	$ 160,123
Total Planning/Project Delivery	$ 380,000
Grand Total	**$12,468,656**

SETRPC CDBG Disaster Recovery Non-Housing Project Costs and Beneficiaries

COG	Project Costs	Engineering Costs	Project Delivery Costs	Total Costs	Proposed Beneficiaries	Proposed Low/Mod. Income Beneficiaries	%
SETRPC	$11,751,536	$339,864	$358,500	$12,450,000	568,433	205,514	36.15

Recommendation:

Action 1: Staff recommends approval of funding awards totaling $30,537,574 for non-housing activities for the four affected COG regions.

Action 2: Staff recommends approval of revised non-housing funds for project delivery costs for DETCOG eligible cities and counties.

Action 3: Staff recommends approval of the revised method of distribution for DETCOG.

Action 4: Staff recommends that the ORCA Executive Director be authorized to execute contracts for non-housing projects as approved by the TDHCA Board.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
DETCOG								
Alabama Coushatta Indian Reservation	$9,512	Shelter Planning/Proj Delivery	8,852 660	480	246	N	Neighborhood Facilities/Community Center Contractor shall purchase commercial cooler, freezer, and ice machine to be used in the existing community center.	The public shelter used during Hurricane Rita failed to function properly due to limited permanently affixed refrigeration and freezer units for people with special medical needs.
Angelina County	$379,816	Water Facilities Street Improvements Engineering Planning/Proj Delivery	294,900 15,387 38,500 31,029	80,130	32,517	Y	Contractor shall use funds as FEMA match. Water Facilities The contractor shall address water supply needs by installing four emergency generators: one each at the Central, Woodlawn, Prairie Grove and Beulah Water Supply Corporations. Street Improvements The contractor shall remove debris and repair streets damage caused by Hurricane Rita.	During Hurricane Rita, Angelina County experienced power outages for several days. Water plants failed to function, water suppliers could not provide service. Streets were damaged due to high winds causing debris impact damage.
Broaddus	$21,403	Sewer Facilities Planning/Proj Delivery	19,458 1,946	210	168	Y	Sewer Facilities Contractor shall utilize contract funds towards the 25% match for FEMA funds. Contractor shall rehabilitate the wastewater treatment plant by replacing one generator, blown fuses, three pumps, two blower fans, dispose of sludge, repair chain link fencing, and replace sand in drying beds, breathing apparatus and door.	The city wastewater treatment plant failed to function due to power outages caused by Hurricane Rita storm damage.
Browndell	$47,900	Water Facilities Engineering Planning/Proj Delivery	36,000 8,300 3,600	402	356	N	Water Facilities Contractor shall install one 80 kW generator at the main water treatment plant to eliminate the risk of equipment failure due to power loss.	Hurricane Rita caused citywide power outages and as a result water and sewer services failed to function and could not be provided for an extended period of time.
Center	$1,000,646	Sewer Facilities Street Improvements Shelter Engineering	346 300 908,750 91,250	5,678	2,691	Y	Contractor shall use funds as FEMA match. Neighborhood Facilities/Community Centers Contractor shall construct a 24,789 s.f. concrete dome shelter located along a hurricane evacuation route. Sewer Facilities Contractor shall repair fencing damaged by storm winds at the two sewer lift stations Street Improvements Contractor shall make spot street repairs on Crawford Street.	Hurricane Rita caused mass evacuation of thousands of persons residing in the Gulf Coast who could not find shelter. Existing public facilities lacked capacity and failed to function due to inadequate emergency power, poor ventilation, and weak structural design.

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Chester	$29,078	Water Facilities Engineering Planning/Proj Delivery	24,578 3,000 1,500	274	88	N	Water Facilities Contractor shall purchase and install one 180 kw diesel generator at the city water plant.	The city was without electrical power for ten days and was unable to maintain TCEQ required water pressure or provide fire protection during and following Hurricane Rita.
Coldspring	$15,457	Sewer Facilities Planning/Proj Delivery	14,457 1,000	700	357	N	Sewer Facilities Contractor shall purchase and install one 80 kW generator at the sewer plant including a manual transfer switch, electrical conduit, wiring and hookup.	During and after Hurricane Rita the city could not treat wastewater at the treatment plant due to electrical outages. The city was unable to ensure meeting TCEQ requirements for the disposal and treatment of wastewater.
Colmesneil	$70,006	Water Facilities Street Improvements Engineering Planning/Proj Delivery	55,800 1,611 7,695 4,900	638	360	Y	Water Facilities Contractor shall install one 180 kW diesel generator at the city's water plant. Street Improvements Contractor shall use funds as FEMA match to repair the street system and parking lot damaged by disaster supply relief supply trucks.	The city was without electrical power for ten days due to Hurricane Rita. City crews had to rotate one single generator continuously from well to well in order to keep the water system in operation. Excessive rain washed out Mathis Street and Smith-Jones Rd. A public parking lot was severely damaged by the large disaster relief supply trucks utilizing the parking lot to unload food, water and ice.
Corrigan	$40,924	Sewer Facilities Engineering Planning/Proj Delivery	35,060 3,000 2,864	1,714	1,011	N	Sewer Facilities Contractor shall purchase and install one 40 kW generator for the city sewer plant.	During Hurricane Rita the city could not operate the sewer system at the sewer plant due to electrical power outages and thus unable to ensure the health and safety of its citizens or meet TCEQ requirements.
Crockett	$189,946	Water Facilities Sewer Facilities Shelter Fire Protection Specially Authorized Public Facilities	83,307 37,451 18,073 16,407 34,708	7,141	3,665	N	Water Facilities Contractor shall purchase and install one 350 kW generator for use at the city water pumping station. Sewer Facilities Contractor shall purchase and install one 25 kW generator and one 62 kW generator for use at two separate wastewater lift stations and one 60 kW generator for the SCADA control used to control the water distribution system as well as 2 lift stations. Neighborhood Facilities / Community Centers Contractor shall purchase one refrigerator/freezer unit and one commercial range for use in the Civic Center shelter. Fire Protection and Equipment Contractor shall purchase and install one 40 kW generator for use at the fire department. Specially Authorized Public Facilities and Improvements Contractor shall purchase and install one 40 kW generator for use at the police department.	Due to Hurricane Rita, the city of Crockett suffered area wide power outages. As a result, water and sewer systems failed to function; storm shelters were unable to provide meals and food storage; police, fire, and city administration were unable to perform basic functions. Storm debris blocked streets and rights of way.

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Cushing	$9,919	Water Facilities	9,919	568	238	N	Water Facilities Contractor shall purchase and install one 100 kW generator, manual transfer switch, new disconnect, and electrical installation at the main water plant.	During and after Hurricane Rita, the city could not maintain water productivity and water pressure as required by TCEQ due to electrical power outages. The city was unable to ensure they were meeting TCEQ requirements for potable water.
Diboll	$69,300	Water Facilities Planning/Proj Delivery	63,000 6,300	4,429	2,335	N	Water Facilities Contractor shall purchase and install one 200 kW generator at the city's main water plant.	Hurricane Rita caused citywide electrical power outages that resulted in a failure to function of city water systems.
Garrison	$13,142	Sewer Facilities Engineering Planning/Proj Delivery	11,242 1,000 900	791	472	N	Water Facilities Contractor shall purchase and install one 130 kW generator, manual transfer switch, concrete pad and electrical installation at main water plant.	During and after Hurricane Rita, the city could not maintain the TCEQ requirements for water production and water pressure due to electrical power outages and thus unable to ensure compliance with TCEQ requirements for potable water.
Goodrich	$32,500	Water Facilities Engineering Planning/Proj Delivery	25,000 5,000 2,500	260	135	N	Water Facilities Contractor shall purchase and install one 150 KW generator at the city's main water plant.	As a result of Hurricane Rita, the city suffered a citywide power outage and was unable to perform the essential service of providing water service to its citizens for an extended period. With no power, all equipment at the water plant failed to function.
Grapeland	$19,800	Sewer Facilities Planning/Proj Delivery	18,000 1,800	1,380	682	N	Sewer Facilities Contractor shall purchase one 15 kW generator for use at the lift station.	During Hurricane Rita the City suffered a citywide power outage resulting in a failure to function of all equipment at city sewer lift stations.
Groveton	$28,314	Water Facilities Sewer Facilities Planning/Proj Delivery	24,871 869 2,574	677	535	Y	Water Facilities Contractor shall use funds as FEMA match to repair three ruptured water lines damaged by Hurricane Rita. Sewer Facilities Contractor shall use funds as FEMA match to repair a lift station damaged by Hurricane Rita at end of Old Railroad Road.	As a result of Hurricane Rita, city water lines and sewer systems and equipment were damaged and failed to function.

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Hemphill	$63,017	Water Facilities Sewer Facilities Other Public Utilities Street Improvements Engineering Planning/Proj Delivery	31,000 1,731 23,246 1,259 2,500 3,281	1,206	880	Y	Water Facilities Contractor shall purchase and install one 60 kW diesel generator at the water treatment plant. Sewer Facilities Contractor shall utilize funds as FEMA match to purchase and install pumps at two lift stations, a one-half horsepower pump at the Neal station, and repair a damaged electrical panel at the Tanglewood station. Other Public Utilities Contractor shall utilize funds as FEMA match to restore fifty miles of power distribution systems. Street Improvements Contractor shall utilize funds as FEMA match to reshape and grade road ditches and replace surface aggregate and road signs.	As a result of 120-140 mph winds and flying debris, the water, sewer, electrical, street, and emergency communication systems were damaged. The water and sewer systems failed to operate when the electrical system was destroyed.
Houston County	$218,500	Water Facilities Engineering Planning/Proj Delivery	185,000 15,000 18,500	23,185	10,085	N	Water Facilities Contractor shall purchase and install one 150 kW emergency generator at Consolidated Water Supply Corporation water plant.	Houston County suffered a countywide power outage as a result of Hurricane Rita. Water suppliers were unable to provide water services to residents for an extended period of time.
Hudson	$72,044	Sewer Facilities Debris Removal Engineering Planning/Proj Delivery	53,189 5,044 7,500 6,311	3,792	1,599	Y	Sewer Facilities Contractor shall purchase one generator for a sewer lift station and use funds as a portion of FEMA reimbursement for two damaged lift stations. Flood and Drainage-Debris Removal Contractor shall remove debris associated with roadways, buildings, and power lines. (FEMA reimbursement).	Due to areawide power outage caused by Hurricane Rita, the city's sewer plant and lift stations were unable to provide sewer service to citizens. After Hurricane Rita debris associated with roadways, buildings and power lines posed hazards.
Huntington	$21,583	Water Facilities	21,583	2,085	1,053	N	Water Facilities Contractor shall purchase and install one diesel generator at the city Fuller Springs water well/water plant.	The city was unable to provide water service due to power outage caused by Hurricane Rita.
Huxley	$4,340	Water Facilities	4,340	982	596	N	Water Facilities The contractor will install a relay control at the water booster plant and a surge protector at the water plant.	High winds from Hurricane Rita damaged the surge protector at the water treatment plant and the relay controls at the water booster plant and the entire water system failed to function.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Jasper	$747,133	Water Facilities Sewer Facilities Other Public Utilities Engineering Planning/Proj Delivery	292,000 189,000 183,650 37,483 45,000	8,247	3,945	Y	Contractor shall use funds as FEMA match. Water Facilities Contractor shall purchase and install four 180 kW generators for use at the four water well plant sites. Sewer Facilities The contractor shall install one 350 kW generator for use at the wastewater treatment plant, two 125 kW generators for use at two sewer booster pump stations, and one 60 kW generator a lift station. Other Public Utilities Contractor shall install approximately two hundred thirty-one new electrical poles, three hundred forty cross arms, one hundred thirty transformers, and forty-one miles of electrical power lines.	During Hurricane Rita 120-140 mph winds destroyed the electrical distribution system and the city was without electrical power for more than twenty days and the water and sewer systems were not able to function to meet TCEQ and health code requirements.
Jasper County	$2,270,118	Solid Waste Disposal Street Improvements Flood/Drainage Planning/Proj Delivery	1,832,935 38,183 285,500 113,500	35,604	14,281	Y	Street Improvements Contractor shall use funds as FEMA match to regrade roads, ditches, and install new road material and culverts. Flood and Drainage Facilities Contractor shall use funds as USDA match to provide debris removal and clearance of drainage systems throughout the county and Contractor shall use funds as Texas DPS-Emergency Management match to provide debris removal from county roads, right-of-ways, ditches.	Jasper County incurred massive amounts of damage due to high winds, rain, and tornados. Trees were knocked down into the roads, on top of buildings, and in the county-owned utility right- of-ways. Utility poles and electrical power lines were also knocked down. The County also experienced damages to county roads, ditches, and culverts.
Joaquin	$35,200	Sewer Facilities Planning/Proj Delivery	32,000 3,200	839	621	N	Sewer Facilities Contractor shall purchase and install a generator for use at sewer lift station.	As a result of Hurricane Rita, the city of Joaquin suffered an area wide power outage. As a result of this loss of power all equipment at the city sewer plant failed to function and the City was unable to perform the essential service of providing sewer service to citizens.
Kennard	$38,400	Water Facilities Engineering Planning/Proj Delivery	29,000 6,500 2,900	317	166	N	Water Facilities The contractor shall purchase and install one 60 kW generator for use at the main city water plant.	The city of Kennard suffered a citywide power outage as the result of Hurricane Rita. The City was unable to perform the essential service of providing water to the citizens for an extended period. With no power, all equipment at the city water plant failed to function.

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Kirbyville	$188,890	Water Facilities Sewer Facilities Other Public Utilities Debris Removal Planning/Proj Delivery	8,802 5,564 31,833 129,491 13,200	2,085	932	Y	Water Facilities Contractor shall use funds as FEMA match to provide replacement of communication cable between Elizabeth Street Well/Water plant to Post Office Water plant, chlorine regulation, chlorination system repair, three chlorinators and repair of water lines damaged by uprooted trees. Sewer Facilities Contractor shall use funds as FEMA match for bio-augmentation; repairs to manholes, lift stations, electrical controls, and damaged sewer lines. Flood and Drainage Facilities - Debris Removal Contractor shall remove vegetative debris and electrical system debris (down power lines, power poles, and transformers). Other Public Utilities Contractor shall use funds as FEMA match to install new electrical poles, cross arms, transformers and electrical power lines.	High winds (120-140 mph) from Hurricane Rita and flying debris destroyed the City's electrical system and severely damaged the water and sewer systems serving the entire community.
Livingston	$129,194	Water Facilities Other Public Utilities Engineering Planning/Proj Delivery	96,889 17,305 6,000 9,000	5,433	2,152	Y	Water Facilities Contractor shall install two natural gas general generators. One at the Poleyard Water station and one at the Ogletree Water Well No. 1 Other Public Utilities Contractor shall use funds as FEMA match to restore electrical systems by the removal of downed treated poles, transformers and wires; replace thirty transformers, fifteen utility poles, cross arms, fused cut-outs, and approximately five miles of power lines.	Hurricane force winds damaged or destroyed approximate five miles of power lines. The City was without power for eight days and water system facilities were inoperable during this time.
Lovelady	$27,500	Sewer Facilities Planning/Proj Delivery	25,000 2,500	598	225	N	Sewer Facilities Contractor shall purchase one 25 kW generator with plug to supply power to lift stations.	Hurricane Rita caused a citywide power outage for an extended period. As a result, lift stations failed to function and the city was unable to provide sewer services to residents.
Lufkin	$485,000	Water Facilities Debris Removal Shelter Engineering Planning/Proj Delivery	258,100 19,957 138,650 31,500 36,793	32,709	13,410	Y	Contractor shall use funds as FEMA match. Water Facilities Contractor shall purchase 2 600 kW generators for Water Well #12 and Water Well #15. Flood & Drainage Facilities-Debris Contractor shall remove debris citywide resulting from damage caused by Hurricane Rita. Neighborhood Facilities / Community Centers Contractor shall purchase one 600 kW generator for use in the Lufkin Civic Center.	Hurricane Rita caused sustained winds and as a result the City of Lufkin was without electrical power for an extensive period of time while crews worked to restore downed power lines caused by storm-generated debris. Due to the lack of electrical power, the water system failed to function and the civic center that was serving as a shelter was not fully functional.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Nacogdoches	$158,371	Infrastructure	158,371	29,914	15,316	Y	Contractor shall use funds as FEMA match. Neighborhood Facilities/Community Centers Contractor shall install a 25 ton air conditioner at the public library and make repairs to the Simon Recreation Center by replacing the water heater and fire alarm panel.	During Hurricane Rita, the Simon Recreation Center/Libary housed 350 evacuees and also was used as the American Red Cross mass shelter facility and processed 5000 evacuees per day for 18 days. The air conditioner failed due to the excess use and the water heater and fire alarm panel suffered water damage. Sacred Heart Catholic Church served as a shelter during Hurricane Rita and the air conditioner was damaged due to excess use and water damage. Hurricane Rita damaged the windscreen and fencing at the city's athletic fields.
Nacogdoches County	$436,065	Water Facilities Shelter Specially Authorized Public Facilities Public Services Engineering Planning/Proj Delivery	157,500 67,500 127,000 37,236 20,347 26,482	59,203	26,446	Y	Water Facilities Contractor shall purchase and install five generators for use at water plants throughout the county. Neighborhood Facilities/Community Centers Contractor shall purchase and install five generators fo use at various public shelters throughout the county. Specially Authorized Public Facilities and Improvements Contractor shall purchase and install two generators for use at the Columbia Regional Center to provide emergency weather mapping and tracking to ensure full operation during a disaster event. Public Services Contractor shall use funds to reimburse the county for disaster recovery costs not funded under FEMA Public Works. These costs are associated with shelter operation, clothing, Sheriff Department overtime for disaster recovery activity, fuel use, and supplies.	Nacogdoches County suffered wide spread and extended power outages due to Hurricane Rita. As a result water facilities and public shelters failed to function.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Newton	$172,729	Water Facilities Sewer Facilities Other Public Utilities Street Improvements Flood/Drainage Planning/Proj Delivery	4,140 2,015 109,707 11,256 33,321 12,290	2,459	902	Y	Water Facilities Contractor shall use funds as FEMA match to repair two water wells and water lines. Sewer Facilities Contractor shall use funds as FEMA match to install a new lift station pump and repair fencing. Other Public Utilities Contractor shall use funds as FEMA match to remove and replace damaged electical poles, transformers, and power lines. Street Improvements Contractor shall use funds as FEMA match to complete construction of various roads throughout the city. Flood and Drainage Facilities Contractor shall use CDBG, FEMA, and USDA funds to repair a drainage channel and improve a drainage structure.	Hurricane Rita destroyed the City's electrical system and severely damaged water, sewer, drainage and streets.
Newton County	$877,654	Water Facilities Flood/Drainage Debris Removal Shelter Acquisition Engineering Planning/Proj Delivery	282,272 254,500 63,482 136,000 50,000 30,000 61,400	15,072	6,737	Y	Water Facilities Contractor shall purchase two 25 kW generators, three 50 kW generators, one 80 kW generator, and three 10 kW generators for use at water supply sites throughout the county. Flood & Drainage Facilities - Debris Contractor shall use funds as FEMA match for debris removal throughout the county. Flood and Drainage Facilities Contractor shall use funds as USDA Natural Resource Conservation Service Drainage Improvements Project for debris clearance from drainage ways. Neighborhood Facilities/Community Centers Contractor shall reimburse shelter provider for expenses related to sheltering people from Hurricane Rita. Public Service Contractor shall use funds as FEMA match towards the FEMA funded Disaster Recovery activity fuel used by emergency workers. Acquisition Contractor shall use funds as FEMA Hazard Mitigation Project local share to buy forty-one homes in the River Road area.	During Hurricane Rita, Newton County experienced areawide power outages and water services and emergency shelter services could not be provided due to this failure to function.
Onalaska	$28,050	Fire Protection Planning/Proj Delivery	25,500 2,550	1,176	511	N	Fire Protection Facilities and Equipment Contractor shall purchase and install one 45 kW generator and base communication equipment for use in the Fire Station.	During Hurricane Rita, the City suffered an area wide power outage. The fire station equipment failed to function and the city was unable to provide emergency assistance.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Pineland	$56,100	Water Facilities Sewer Facilities Fire Protection Planning/Proj Delivery	20,000 15,000 16,000 5,100	939	429	N	Water Facilities Contractor shall purchase and install one 50 kW generator for use at the main city water plant. Sewer Facilities Contractor shall purchase and install one 15 kW generator for use at the lift station. Fire Protection Facilities and Equipment Contractor shall purchase and install one 25 kW generator for use at the fire department.	During Hurricane Rita, the City suffered a citywide power outage. The water and sewer systems failed to function and the fire department's ability to provide emergency response was impacted.
Point Blank	$12,504	Shelter Planning/Proj Delivery	12,000 504	591	232	N	Neighborhood Facilities/Community Centers Contractor shall purchase and install one generator for the local special needs public shelter.	The City of Point Blank Disaster Relief Program is designed to ensure that the Public Shelter for special needs people shall have emergency generator for backup power to keep medicine refrigerated and lights for safety. The Shelter was used during Hurricane Rita and had failed to function properly when the area lost electricity from the winds and fallen trees.
Polk County	$886,854	Water Facilities Sewer Facilities Street Improvements Fire Protection Public Services Engineering Planning/Proj Delivery	283,905 137,076 120,000 194,000 50,000 39,873 62,000	46,397	18,560	N	Water Facilities Contractor shall purchase and install three 150 kW generators, one 70 kW generator, one 60 kW generator, one 50 kW generator, one 40 kW generator, three 30 kW generators, and two 15 kW generators to ensure that water systems within the cities of Corrigan, Goodrich, Livingston and Onalaska remain in operation during power outages. Sewer Facilities Contractor shall purchase and install one 180 kW generator and two 300 kW generators, and three generators (5 kW to 60 kW) to ensure sewer systems within the cities of Corrigan and Livingston, and the Polk County Fresh Water Supply District #2 remain in operation during power outages. Street Improvements Contractor shall purchase and install one 25 kW generators at each of the four county road and bridge precinct barns. Fire Protection Facillities and Equipment Contractor shall purchase and install one 25 kW generator for each of the eleven rural volunteer volunteer fire departments. The generators will ensure the ability to function is not reduced due to power outages. Public Services Contractor will purchase and install a one 25 kW generator at two radio stations that serve as the best local sources of news during emergency situations.	Hurricane Rita caused the cities, fire departments and County Road & Bridge departments to be unable to function due to loss of electrical power for up to fifteen days. The health and safety of the citizens were at risk due to lack of water, sewer and fire protection.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Sabine County	$473,140	Water Facilities Fire Protection Engineering Planning/Proj Delivery	299,000 116,140 25,000 33,000	10,469	4,596	N	Water Facilities Contractor shall purchase and install three 15 kW generators; one 30 kW generator; three 60 kW generators; three 80 kW generators; and one 100 kW generator to ensure eight water plants throughout the county remain operational during during power outages. Fire Protection Facilities and Equipment Contractor shall purchase and install nine 45 kW generators for use at each of the nine volunteer fire departments throughout the county.	Hurricane Rita caused countywide power outages that resulted in the failure to function of area water systems and the inability of area fire departments to function at full capacity.
San Augustine	$111,100	Water Facilities Planning/Proj Delivery	101,100 10,000	2,678	2,080	N	Water Facilities The contractor shall purchase and install one 450 kW generator at the main city water plant and one 100 kW generator at the city water distribution system.	The city suffered a citywide power outage as a result of damage from Hurricane Rita and was unable to provide water service to its citizens for an extended period. Without electrical power, the equipment at the water plant and distribution system failed to function.
San Augustine County	$236,765	Street Improvements Engineering Planning/Proj Delivery	213,965 6,300 16,500	4,715	1,915	Y	Street Facilities Contractor shall repair the county road surface and culverts that were not covered by FEMA Public Works Projects.	During Hurricane Rita, the south end of the county received from twelve to fifteen inches of rain and sustaining winds of 100 mph. The heavy winds caused the larger trees and power lines to fall into the roadways and ditches resulting in flooded drainage ways due to debris. Water overflowing onto the county roads caused the surface material and base material to wash away. The heavy equipment used to remove the debris caused additional damage to the county drainage and road systems.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
San Jacinto County	$478,669	Water Facilities Sewer Facilities Street Improvements Shelter Fire Protection Acquisition Engineering Planning/Proj Delivery	129,752 20,583 60,734 22,550 76,550 90,000 45,000 33,500	22,246	8,813	N	Water Facilities Contractor shall purchase four 80 kW generators for use at four separate water supply corporation locations. Sewer Facilities Contractor shall purchase one 80 kW generator for use at the city waste water treatment plant. Street Improvements Contractor shall repair county road surfaces and culverts. Neighborhood Facilities/Community Centers Contractor shall purchase and install one 40 kW generator for use at a public shelter designated for special needs persons. Fire Protection Facilities and Equipment Contractor shall purchase, repair and retrofit an existing building to be used as a rural fire station and a Regional Response Facility. Acquisition The contractor shall purchase from the U.S. Forest Service a facility that will be converted to a County Fire Station and Regional Response Facility.	Hurricane Rita caused an area wide power failure that resulted in water and sewer systems failing to function. Additionally, debris in culverts and roads resulting in the failure of evacuees to reach public shelters. The regional response facility failed to function adequately during the storm response.
Shelby County	$221,699	Water Facilities Street Improvements Engineering Planning/Proj Delivery	162,393 20,970 20,000 18,336	24,844	10,777	Y	Water Facilities Contractor shall purchase and install three generators at McClelland Water Supply Corp., Choice Water Supply Corp. and Paxton Water Supply Corp. Street Improvements Contractor shall use funds as FEMA match to provide gravel road repairs to roads throughout the county.	Shelby County suffered a county wide power outage that lasted many days as the result of Hurricane Rita. The County was unable to perform the essential emergency services and many water suppliers within the county could not provide water services. Many of the emergency services and all equipment at many water plants failed to function.
Shepherd	$48,300	Sewer Facilities Engineering Planning/Proj Delivery	38,000 6,500 3,800	2,029	968	N	Sewer Facilities Contractor shall purchase and install one 40 kW generator for citywide lift station use.	The City of Shepherd suffered an area wide power outage as the result of Hurricane Rita. The City was unable to perform the essential service of providing sewer service to many citizens. The equipment at lift stations failed to function.
Timpson	$14,173	Sewer Facilities Planning/Proj Delivery	13,183 990	1,094	723	N	Sewer Facilities Contractor shall purchase and install a 68 kW generator, including pad and electrical work, for use at its sewer treatment plant.	As a result of Hurricane Rita the city suffered widespread power outages that resulted in the failure to function of the sewer treatment plant.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Trinity County	$267,300	Water Facilities Planning/Proj Delivery	243,000 24,300	13,779	6,173	Y	Contractor shall use funds as FEMA match. Water Facilities Contractor shall purchase and install nine generators for use at nine separate County water supply facilities: Trinity Rural Water, Pennington WSC, Apple Springs WSC, Nogales-Centerville WSC, Centerville WSC, Nigton-Wakefield WSC, Woodlake Josserand WSC, Glendale WSC, and Westwood Shores MUD.	As a result of Hurricane Rita, the County suffered a countywide power outage and was unable to perform the essential service of providing water to its citizens.
Tyler County	$1,918,920	Water Facilities Street Improvements Debris Removal Shelter Specially Authorized Public Facilities Engineering Planning/Proj Delivery	1,075,000 216,719 74,651 110,000 295,650 51,000 95,900	20,871	8,778	Y	Contractor shall use funds as FEMA match. Water Facilities Contractor shall purchase and install generators at eight Tyler County WSC (eight generators and eight water plants), Cypress Creek WSC, Seneca WSC at two well locations; Warren WSC at two well locations, and Ivanhoe WSC at two well locations. Contractor shall install a transfer switch disconnect at Doucette WSC and five transfer switch disconnects at Lakeside WSC. Street Facilities Contractor shall repair twelve miles of county roads and ditches damaged by fallen trees and heavy operating equipment. Flood & Drainage Facilities - Debris Contractor shall use FEMA funds for match to remove debris as a result of Hurricane Rita. Neighborhood Facilities/Community Centers Contractor shall purchase a generator to be used at an emergency shelter location. Specially Authorized Public Facilities and Improvements Contractor shall purchase and install a 900 kW generator to maintain the operating function of the Tyler County Hospital and purchase a trailer-mounted generator to allow Tyler County Emergency Management to assist neighborhoods and remote communities.	Hurricane Rita caused 14 water supply corporations to fail to function due to loss of electrical power. Public shelters for evacuees failed to function due to loss of power. Tyler County Hospital could not fully function due to loss of power. County roads in Precincts 1, 2, 3 and 4 were damaged by falling debris and heavy equipment. Tyler County EMS lacked power and failed to provide service to remote communities.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Woodville	$264,993	Water Facilities Sewer Facilities Specially Authorized Public Facilities Engineering Planning/Proj Delivery	109,000 111,300 3,522 22,631 18,540	2,415	1,185	Y	Water Facilities Contractor shall purchase and install a 1300 kW generator and a 100 kW generator, including manual transfer switch, new disconnect, concrete pads and electrical installation at the Carlow Hill water plant and the Sims Street water well. Contractor shall provide FEMA match to repair water lines and electrical controls at the water plant. Sewer Facilities Contractor shall purchase a 300 kW generator including manual transfer switch, new disconnect and electrical installation for the wastewater treatment plant. Specially Authorized Public Facilities and Improvements Contractor shall use funds as FEMA match for Public Facilities for repair to lift stations, electrical controls at the water and sewer plants, manholes, streets and debris removal.	As a result of 120 mph winds and flying debris from Hurricane Rita, trees were uprooted and water lines, sewer collection lines and manholes were damaged. The City lost electrical power and resulted in damage to electrical panel boxes and loss of production at water wells and water plants.
Zavalla	$52,600	Water Facilities Debris Removal Fire Protection Engineering Planning/Proj Delivery	40,000 450 550 7,500 4,100	653	390	Y	Water Facilities Contractor shall purchase and install a 100 kW generator at the main city water plant. Flood and Drainage Facilities - Debris Contractor shall use funds as FEMA match for clearance of debris from roadways, buildings and power lines. Fire Protection Facilities and Equipment Contractor shall use funds as FEMA match for repairs to the fire station.	Due to Hurricane Rita, the city suffered an area wide power outage and was unable to perform essential service of providing water to residents. The hurricane damaged the fire station and created debris on roadways that needed to be removed.
48	12,994,568.00			484,098	211,332	43.65		
48	12,994,568.00			484,098	211,332	48		

Texas CDBG Disaster Recovery - Rita
Proposed Non-housing Fund Recommendations

8/23/2006

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
ETCOG								
Alto	$270,000	Shelter	270,000	1,190	708	N	Neighborhood Facilities/Community Centers Contractor shall renovate a donated building to provide needed shelter for evacuees. Construction shall include steel roofing, kitchen and bathroom facilities, HVAC, plumbing, furniture and non-perishable food storage area.	The city of Alto, which is a major hurricane evacuation route along U.S. Highway 69, did not have a single facility to provide shelter to the Hurricane Rita evacuees thereby representing a failure to function to meet a clear and urgent need.
Carthage	$290,000	Shelter Planning/Proj Delivery	268,250 21,750	3,067	1,695	Y	Neighborhood Facilities/Community Centers Contractor shall use funds as FEMA match to convert an existing facility located on the Gulf Coast evacuation route into a public Community Shelter. The proposed improvements, include kitchen, restrooms and showers and allow the public shelter to accommodate up to one thousand evacuees during times of disaster and if necessary the shelter may be used as a "point-to-point" evacuation resource for special needs evacuees.	The city had no functioning public shelter and utilized makeshift shelters for evacuees during the Hurricane Rita evacuation. The city estimates more than two thousand six hundred Rita evacuees were sheltered in the immediate Carthage area and the city failed to provide adequate facilities to meet the evacuees' needs.
Gallatin	$50,000	Shelter	50,000	397	194	N	Neighborhood Facilities/Community Center Contractor shall repair and renovate the Civic Center including roofing, siding and bathrooms.	The Gallatin Civic Center could not open and failed to function during the Hurricane Rita evacuation because it was not able to provide adequate decent safe shelter for evacuees.
Henderson	$290,000	Shelter Planning/Proj Delivery	268,250 21,750	5,932	3,006	Y	Neighborhood Facilities/Community Center Contractor shall use funds as FEMA match to construct a public Community Shelter. The proposed improvements include kitchen, restrooms and showers and allow the public shelter to accommodate up to 500 evacuees during times of disaster and if necessary the shelter may be used as a "point-to-point" evacuation resource for special needs evacuees.	The city had no functioning public shelter and utilized makeshift shelters for evacuees during the Hurricane Rita evacuation. The city estimates more than 2,600 Rita evacuees were sheltered in the immediate Henderson area and the city failed to provide adequate facilities to meet the evacuees' needs.
Jefferson	$270,000	Shelter Engineering Planning/Proj Delivery	221,000 28,750 20,250	2,024	1,135	N	Neighborhood Facilities/Community Centers Contractor shall construct additional showers, restrooms, dining area, kitchen, communications infrastructure and accessibility improvements to the Jefferson Visitors Center to make it suitable for hurricane shelter and evacuee use.	Jefferson failed to provide a functional shelter for Hurricane Rita evacuees. The improvements to the visitor center will allow adequate shelter for 100 evacuees.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Kilgore	$290,000	Shelter Planning/Proj Delivery	268,250 21,750	2,120	1,286	Y	Neighborhood Facilities/Community Centers Contractor shall use funds as FEMA match to construct a public Community Shelter. The proposed improvements, including kitchen, sitework, restrooms and showers, shall allow the public shelter to accommodate up to 500 evacuees during times of disaster and if necessary the shelter may be used as a "point-to-point" evacuation resource for special needs evacuees.	The city was not equipped to handle the overwhelming evacuee demand. Due to inadequate sheltering capacity. The makeshift shelters failed to provide adequate, safe and sanitary shelter during the Hurricane Rita evacuation.
Longview	$334,997	Water Facilities Shelter Specially Authorized Public Facilities	67,273 233,871 33,853	98,500	39,735	N	Water Facilities Contractor shall purchase a generator to provide power during a natural disaster to the water treatment plant. Specially Authorized Public Facilities and Improvements Contractor shall purchase a generator to provide emergency power to the Supervisory Control and Data Acquisition (SCADA) system servers in the city's data cener. The SCADA servers are ulitized for the city's water treatment plant and wastewater treatment plant. Neighborhood Facilities/Comunity Centers Contractor shall make improvements to the Longview Primary Evacuation Shelter to house evacuees in the event of a natural disaster and install shower facilities, laundry area and make improvements to kitchen facilities.	The first Hurricane Rita evacuees arrived at the Longview Primary Shelter facility on September 22. Because of the large number of evacuees the facility failed to function due to inadequate shower facilities (some evacuees showered using a Haz-Mat Decontamination Unit or bathed in sinks) and the kitchen and laundry facilities were not adequate to handle the large human need. Due to the power outages caused by Hurricane Rita the water treatment facility and the communication center failed to function. The purchase of a generator will allow the plant to distribute eight million gallons of potable water daily and the communication center to operate.
Mount Enterprise	$5,000	Sewer Facilities	5,000	268	126	N	Sewer Facilities The contractor shall purchase a generator that will be used to provide power for the system in the event of a power outage resulting from a natural disaster. After Hurricane Rita some areas in Mount Enterprise were without power for up to two weeks.	Sewer lift stations failed to function due to lack of electricity during and after the Hurricane disaster. Some areas were out power for up to two weeks.
Rusk	$250,000	Water Facilities Shelter	100,000 150,000	5,085	2,226	N	Water Facilities Contractor shall purchase and install emergency generators at two of the existing water wells to ensure adequate and safe water in the event of a natural disaster. Neighborhood Facilities/Community Centers Contractor shall repair the bathroom and bathing facilities in the existing Rusk Civic Center and repair damage incurred during Hurricane Rita.	The high winds of Hurricane Rita caused a citywide power outage. The city's five water wells were unable to function due to the loss of power for several days. The city was also unable to shelter Hurricane Rita evacuees due to inadequate shelter facilities.
9	2,049,997.00			118,583	50,111	42.26		

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
9	2,049,997.00			118,583	50,111	9		

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
HGAC								
Ames	$83,000	Water Facilities Planning/Proj Delivery	75,000 8,000	1,184	838	N	Water Facilities Contractor shall purchase and install a 175 kW generator for use by the Ames-Minglewood WSC.	During Hurricane Rita, the power to the city was out for ten days. This caused the city's water system to fail.
Chambers County	$250,000	Shelter Planning/Proj Delivery	225,000 25,000	26,301	10,412	Y	Neighborhood Facilities / Community Center Contactor shall utilize FEMA funds to construct a community shelter and command center that will house 30 families. The shelter will be constructed to withstand category 5 hurricane winds and will be built at an elevation that would safely protect personnel and equipment. The total project is being funded on a pro rata basis for the shelter portion of the facility.	During Hurricane Rita Chambers County was unable to provide shelter for its citizens. For those individuals that were either rescued or stranded the County has no place to provide a safe place to weather the storm. Chambers County's vulnerable location on Trinity Bay and East Bay makes sheltering an essential need.
Cleveland	$350,000	Flood/Drainage Acquisition Engineering Planning/Proj Delivery	275,000 7,500 32,500 35,000	6,857	4,661	Y	Flood and Drainage Facilities Contractor shall use funds as FEMA match to install 1,715 l.f. of concrete box culvert, 2,575 l.f. of concrete pipe, forty-five inlets, eight manholes, and 200 l.f. of tunneling excavation. Acquisition Contractor shall acquire right-of-way.	The city drainage system flooded and failed to function during Hurricane Rita when excessive storm water runoff going to drainage outfalls did not allow storm water in the central business district to dissipate.
Dayton	$195,326	Flood/Drainage Engineering Planning/Proj Delivery	160,670 15,124 19,532	5,698	2,533	Y	Flood and Drainage Facilities Contractor shall use funds as FEMA match to make drainage/storm water improvements at the intersection that collect storm water and subsequently discharge it into a high capacity drainage outfall.	During Hurricane Rita the city had a serious flooding problem at the intersection of U.S. Highway 90 and Waco Street where there is also a railroad crossing. The drainage failure caused flooded houses and businesses on Sawmill Road.
Galveston County	$350,000	Flood/Drainage	350,000	2,390	1,225	Y	Flood and Drainage Facilities Contractor shall use funds as FEMA match to repair a dune system and replace 130 l.f. of geotextile tube core dunes, 81,116 c.y. of sand cover along 27,000 l.f. of repaired geotextile tube core dune, and repair forty-one holes in geotextile fabric and refill with sand.	During Hurricane Rita, a storm surge along the Gilchrist area of Bolivar Peninsula damaged the protective dune system.
Galveston County 2	$62,500	Flood/Drainage Engineering	48,750 13,750	250	75	Y	Flood and Drainage The Contractor shall complete a dune restoration project with dune vegetation, sand fencing and ADA compliant walkovers.	The natural dune system was damaged and in some places destroyed by Hurrican Rita. This destruction left no protection for residential structures and infrastructure that exist landward of the dunes.

*Contractor refers to the City, County or Indian Tribe

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Huntsville	$350,000	Water Facilities Sewer Facilities	55,000 295,000	23,576	11,831	N	Water Facilities Contractor shall purchase and install one 200 kW generator at the water plant. Sewer Facilities Contractor shall purchase four 35 kW and two 20 kW generators for wastewater lift stations.	Hurricane Rita caused the water distribution and wastewater collection system to experience electrical outages, resulting in a failure to function.
Liberty County	$350,000	Clearance/Demolition Acquisition Planning/Proj Delivery	46,000 269,000 35,000	386		Y	Acquisition Contractor shall use funds as FEMA match to acquire and demolish one hundred thirty-eight structures in flood prone areas and return to natural state.	Areas flooded by Hurricane Rita will be cleared.
Montgomery County	$318,706	Shelter Planning/Proj Delivery	294,206 24,500	293,768	116,626	N	Neighborhood Facilities/Community Center Contractor shall purchase and install four generators located at the Food Bank, West Montgomery County Community Center, East Montgomery County Community Development Center and the North Montgomery County Community Development Center.	During the Hurricane the Food Bank and the West and East Montgomery County Community Development Center failed to fully function because they lost power during storm.
New Waverly	$100,000	Water Facilities	100,000	950	487	N	Water Facilities Contractor shall purchase and install a 175 kW generator at the city's water plant #2.	Power was out in the city for ten days after Hurricane Rita. The city was unable to place its largest water plant into service because it lacked a generator.
Panorama Village	$75,500	Flood/Drainage Engineering Planning/Proj Delivery	56,625 11,375 7,500	1,965	477	Y	Flood and Drainage Facilities Contractor shall use funds as FEMA match to regrade and re-sod 26,780 l.f. of open ditches, replace twenty-six culverts, replace one RCP pipe with HDPE pipe, and install one E inlet and 300 l.f. of earthen berm to direct drainage and reduce flooding.	Heavy rains and storms caused by Hurricane Rita overwhelmed the open ditch drainage system and left silted, clogged, and undersized culverts.
Splendora	$350,000	Flood/Drainage Acquisition Engineering Planning/Proj Delivery	244,250 41,125 29,625 35,000	1,275	641	Y	Flood and Drainage Facilities Contractor shall use funds as FEMA match to mitigate flooding problems in several sections of the city by constructing 300 l.f. of culvert, 470 l.f. of box culvert, a detention pond and outfall, culvert headfalls, concrete rip rap, pavement repair, and utility lowering and seeding.	During Hurricane Rita the drainage system failed to function causing homes and roads to flood.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Surfside Beach	$130,000	Acquisition	130,000	763	388	N	Acquisition Contractor shall acquire and demolish fourteen structures that are located on the public beach designated as "pedestrian only" and convert property to open space in perpetuity. Structures to be acquired and demolished are located at an area 1,604 l.f. from Texas Street to 247 l.f. eastward of Crab Street on Beach Drive.	Structures suffered extensive damage during Hurricane Rita and debris piled up and created extreme hazard to landward properties and impeding public access to beach.
Walker County	$396,930	Water Facilities Shelter	46,930 350,000	3,641	1,302	Y	Water Facilities Contractor shall purchase and install one generator at strategic well, plant site, and water district office to provide one source of service under limited power situations. Neighborhood Facilities/Community Centers Contractor shall use funds as FEMA match to construct a 14,400 s.f. shelter to house approximately one thousand two hundred people.	An estimated ten thousand people per hour traveled north through Walker County in search of a safe destination during Hurricane Rita. The county was prepared to house 2,000 people, but provided shelter to 15,000 in 23 different buildings ranging from schools to churches to private homes. According to the Red Cross most of these facilities were not considered to be substantially sound for occupancy. The Walker County Special Utility District lost power to facilities and was unable to function during Hurricane Rita.
Willis	$254,194	Flood/Drainage Acquisition Engineering Planning/Proj Delivery	199,525 8,750 20,500 25,419	3,985	2,839	Y	Flood and Drainage Contractor shall use funds as FEMA match to construct a detention pond with outfall structure, regrade 4,000 l.f. of drainage ditch, remove and reset fifteen ditch culverts, remove and replace 120 l.f. of 36-inch culvert, remove and enlarge culverts at three separate locations, and regrade and enlarge Crystal Creek.	During Hurricane Rita, the drainage systems in 2 different section of town failed. Flooding occurs due to excessive storm water runoff and low-capacity and improperly designed drainage outfalls. The floodwaters covered roads and endangered property.
15	**3,616,156.00**			**372,989**	**154,335**	**41.38**		
15	**3,616,156.00**			**372,989**	**154,335**	**15**		

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
SETRPC								
Beaumont	$1,950,000	Flood/Drainage Planning/Proj Delivery	1,825,000 125,000	26,247	14,817	Y	Flood and Drainage Facilities Contractor shall reduce flooding in the area and remove more than nine hundred structures from the National Flood Insurance Program repetitive loss listing. Contractor shall utilize FEMA funds as match.	During Hurricane Rita, the central portion of Beaumont (populated by 26,247 persons) flooded homes and businesses because the drainage system failed to function.
Bevil Oaks	$200,000	Water Facilities Sewer Facilities Street Improvements Fire Protection Engineering Planning/Proj Delivery	42,000 64,000 53,300 15,000 15,700 10,000	1,346	245	N	Water Facilities Contractor shall purchase and install a 60 kW generator at the Bevil Oaks MUD Water Plant. Sewer Facilities Contractor shall purchase and install a 150 kW generator at the Bevil Oaks MUD Sewer Treatment Plant. Street Improvements Contractor shall repair streets and shoulders damaged by fallen trees and debris removal. Fire Protection Facilities & Equipment Contractor shall replace the repeater on the radio tower.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system, causing the Bevil Oaks MUD water and sewer systems to fail to function and meet TCEQ standards. The high winds caused numerous trees and structures to be destroyed and debris had to be removed from the city, damaging the street system. The hurricane also destroyed the volunteer fire department's repeater on the radio tower resulting in loss of communication between the City, VFD and Bevil Oaks M.U.D.
Bridge City	$300,000	Street Improvements Debris Removal Clearance/Demolition	22,092 169,993 107,915	8,651	2,744	Y	Flood & Drainage Facilities-Debris Removal The contractor will continue to provide dumpsters to the residents who have not been able to begin or complete their clean up, repair and restoration of land and homes. Contractor shall utilize FEMA funds as match. Clearance Demolition Activities The contractor will demolish sixteen homes homes with costs including asbestos surveys, dumpsters and contractor fees. Street Improvements The contractor will repair various streets throughout the city that were destroyed during Hurricane Rita.	The debris and demolished homes caused by Hurricane Rita created an unhealthy environment involving mosquitoes, snakes, rats and other dangerous creatures affecting the health and safety of residents. Many streets were also destroyed during the storm causing danger to motorists and affecting emergency service personnel.
China	$200,000	Water Facilities Sewer Facilities Engineering Planning/Proj Delivery	60,000 120,500 9,500 10,000	1,112	495	N	Water Facilities Contractor shall purchase and install a 150 kW generator at the water well/water plant. Sewer Facilities Contractor shall purchase one 100 kW generator and one 40 kW generator for the pump sewer lift station.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused the water and sewer systems to fail to function and meet TCEQ standards.

Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Groves	$500,000	Water Facilities Sewer Facilities Street Improvements Debris Removal Fire Protection Engineering Planning/Proj Delivery	140,674 42,000 14,379 219,286 48,661 10,000 25,000	15,733	4,511	Y	Water Facilities Contractor shall repair and restore the city water plant and damaged 500,000 gallon elevated water storage facility. Contractor shall utilize FEMA funds for match. Sewer Facilities Contractor shall purchase two 45 kW generators for sewer plant lift station and pumps. Flood and Drainage Facilities-Debris Contractor shall remove and dispose of debris citywide. Street Improvements Contractor shall replace damaged street signs. Fire Protection Facilities & Equipment Contractor shall repair fire station and fire equipment damaged by hurricane.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system and caused the fire/police operations and sewer and water systems to fail to function properly. The water facilities were damaged and the winds caused numerous trees, street signs, and structures to be destroyed. Debris had to be removed from city. Fire stations were damaged.
Hardin County	$1,050,000	Street Improvements Debris Removal Shelter	55,000 745,000 250,000	47,642	18,596	Y	Flood and Drainage Facilities - Debris Contractor shall remove and dispose of debris throughout the county. Street Improvements Contractor shall repair various roads countywide. Contractor shall use FEMA funds as match. Neighborhood Facilities/Community Centers Contractor shall purchase two 350 kW generators for use in facilities used to shelter Hurricane Rita victims.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused the public shelter and EOC systems to fail to function properly. The winds caused numerous trees and structures to be destroyed and created considerable amounts of debris in the county roads and ditches.
Jefferson County	$1,500,000	Street Improvements Debris Removal Specially Authorized Public Facilities Engineering	1,082,363 122,330 278,591 16,716	252,051	73,321	Y	Flood & Drainage Facilities - Debris Contractor shall use funds as FEMA match for countywide debris removal. Street Improvements Contractor shall use funds as FEMA match on countywide road and bridge repairs. Specially Authorized Public Facilities & Improvements Contractor shall use funds as FEMA match on repair of the law enforcement building, county jail, and several health clinics.	As a result of Hurricane Rita, the County experienced damages done to county infrastructure that is not covered by private insurance or FEMA grant funds. Severe winds caused trees, limbs and other debris to be scattered on the roads, damages to roads and bridges caused by flooding, and damages to the law enforcement building, county jail, and several health clinics from severe storm winds and rain.
Kountze	$210,000	Water Facilities Sewer Facilities Shelter Planning/Proj Delivery	34,000 46,000 120,000 10,000	1,738	1,083	N	Water Facilities Contractor shall purchase and install a 100 kW generator for use at the city water plant. Sewer Facilities Contractor shall purchase and install a 100 kW generator and a 60 kW generator for use at the city sewer plant. Neighborhood Facilities/Community Centers Contractor shall purchase and install a 100 kW generator in the community shelter and make necessary improvements to the same facility to ensure adequacy for shelter use.	During Hurricane Rita the City suffered an area wide power outage that caused the city to be unable to provide essential services for water or sewer. The city shelter system also failed to function properly due to the power outage and the inadequate facilities available. Many victims were turned away and those that were accommodated only had a roof over their heads.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Lumberton	$315,000	Water Facilities Debris Removal Clearance/Demolition Planning/Proj Delivery	126,000 90,000 84,000 15,000	8,833	2,894	N	Water Facilities Contractor shall purchase a generator for use in its water system. Flood and Drainage Facilities - Debris Contractor shall remove and dispose of debris throughout the city. Clearance Demolition Activities Contractor shall remove destroyed homes and mobile homes that are a health and safety concern.	Winds from Hurricane Rita blew down trees and damaged homes throughout the city, creating large amounts of debris. The city was without water due to an electrical outage caused by the storm.
Nederland	$500,000	Fire Protection Engineering	412,200 87,800	17,422	4,673	N	Fire Protection Facilities & Equipment Contractor shall purchase and install three 125 kW generators for use in the fire station.	The 140-150 mph winds from Hurricane Rita severely damaged the fire station requiring architectural and engineering plans for restoration and code enforcement for safety issues. City and fire personnel were unable to respond properly due to electrical outages.
Nome	$100,000	Water Facilities Sewer Facilities Fire Protection Planning/Proj Delivery	32,500 45,500 17,000 5,000	515	242	N	Water Facilities Contractor shall purchase and install a 100 kW generator including manual transfer switch, new disconnect, concrete pad and electrical installation at the Water Treatment Plant. Sewer Facilities Contractor shall purchase and permanently affix a 30 kW diesel generator and install manual transfer switch, disconnect, conductors and electrical installation at six lift stations. Fire Protection Facilities & Equipment Contractor shall replace the bay doors and repair the roof of the Fire Station.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused the water system and sewer system to fail to function and meet TCEQ standards. Hurricane Rita winds damaged the bay door, roof and metal siding on the Volunteer Fire Department Fire Station.

Texas CDBG Disaster Recovery - Rita
Proposed Non-housing Fund Recommendations

8/23/2006

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Orange	$750,000	Water Facilities Street Improvements Debris Removal Shelter Clearance/Demolition Engineering	20,000 12,483 167,517 370,000 150,000 30,000	4,707	3,100	N	Water Facilities Contractor shall repair a building used for the water system. Street Improvements Contractor shall repair streets and curbs damaged during the storm and cleanup. Flood and Drainage-Debris Removal Contractor shall use funds as the NRCS match for debris removal. Neighborhood Facilities/Community Centers Contractor shall use funds for a portion of the community center / city office (pro rata). Contractor shall use funds for the demolition of a destroyed community center. Engineering / Architectural Services Contractor shall use funds for a portion of the engineering services for the new community center.	Hurricane Rita completely destroyed the Community Center. Much of the roof was torn away and a tree fell through the building causing water damage. The hurricane left debris throughout the city. Many buildings were destroyed including the existing community center.
Orange County	$1,200,000	Street Improvements Debris Removal Shelter Specially Authorized Public Facilities Clearance/Demolition Acquisition Engineering Planning/Proj Delivery	372,728 348,538 41,213 328,521 30,000 18,000 25,000 36,000	84,966	31,531	Y	Street Improvements Contractor shall repair two county roads that were flooded and damaged. The County shall raise the elevation of Connolly Road over the Neches River. The work shall include fill, sub-base material and asphalt surface. Four Oak Ranch Road will be relocated. Flood & Drainage Facilities - Debris Contractor shall increase staff hours and dumpsters at the landfill to accommodate the additional debris and remove debris from the county roads and ditch right-of-ways. Contractor shall use funds as FEMA match for a NRCS project along the drainage systems. The county shall utilize force account labor and equipment. Neighborhood Facilities/Community Center Contractor shall replace the gym floor of the Mauriceville Middle School, which was used as a shelter. Specially Authorized Public Facilities Contractor shall make repairs to building housing Meals on Wheels after insurance and FEMA payments; shall use funds as FEMA match for recovery projects including repairs to parking lot, radio tower building and radio tower, and Sheriff's Office Vidor Annex. Acquisition Contractor shall utilize funds for FEMA match on Hazard Mitigation to acquire one property.	The 140-150 mph winds from Hurricane Rita severely damaged county service buildings and transportation center. Flood waters damaged county road systems which will need to be improved by raising the elevation and relocating a portion of another road.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Pine Forest	$100,000	Street Improvements Debris Removal Shelter Engineering Planning/Proj Delivery	52,500 20,000 15,000 7,500 5,000	632	197	N	Street Facilities Contractor shall repair approximately 1,000 l.f. of road pavement and ditches on Lake View Cut-Off Road and other city streets that were damaged from fallen trees and heavy debris removing equipment. Flood and Drainage - Debris Contractor shall remove debris along Tiger Creek and the sewer utility right-of-way to ensure adequate drainage along the creek. Neighborhood Facilities/Community Centers Contractor shall install a 30 kW generator for emergency power at the city's Community Center / office building, on a pro rata basis, that was used as a public shelter.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused power outages at the City's Community Center/ Office which was used as a public shelter. High winds created tree debris, which collected in Tiger Creek and sewer utility right-of-ways. Portions of Lake View Cut-Off Road were damaged due to heavy equipment being used to remove fallen trees and construction material debris.
Pinehurst	$200,000	Water Facilities Sewer Facilities Street Improvements Debris Removal Fire Protection Engineering Planning/Proj Delivery	94,330 33,000 24,250 24,000 8,000 6,420 10,000	2,274	1,004	N	Water Facilities Contractor shall purchase and install two 150 kW generators including transfer switches and concrete pads for water wells. Sewer Facilities Contractor shall purchase and permanently affix a 45 kW trailer-mounted generator and install eight manual transfer switches at the eight lift station sites. Flood and Drainage Facilities - Debris Contractor shall remove and dispose of 1,200 c.y. of debris along right-of-ways. Street Improvements Contractor shall repair shoulders and street ditches, including reshaping and replacing damaged culverts. Fire Protection Facilities and Equipment Contractor shall replace aluminum and vinyl hose covers on two fire trucks.	The winds from Hurricane Rita destroyed the electrical system which caused the City's water system and sewer system to fail to function. The winds caused numerous trees and structures to be destroyed and the debris had to be removed from the City which damaged the street shoulders and ditches. The wind also blew off the vinyl and aluminum hose covers from two of the city fire trucks. Additional debris along the City street right-of-way will need to be removed to protect the health and safety of the residents.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Port Arthur	$1,500,000	Water Facilities Street Improvements Debris Removal Fire Protection Specially Authorized Public Facilities Infrastructure	102,846 113,550 1,035,507 33,155 114,942 100,000	57,023	31,689	N	Water Facilities The Contractor shall use contract funds to match FEMA projects completing repair on 9 water towers, 15 water lift stations, water service center, pump station, system treatment costs. Street Improvements The Contractor shall repair a bridge washed away by Hurricane Rita as a portion of a TxDOT project. Flood & Drainage - Debris The Contractor shall remove debris associated with roadways and buildings and dispose of it in the City owned landfill. Specially Authorized Public Facility The Contractor shall repair fire staions damaged by Hurricane Rita. Interim Assitance The Contractor shall pay for costs associated with the cleanup and sheltering in the Sabine Pass area of the City.	During Hurrican Rita the entire City of Port Arthur was under a mandatory evacuation including police and fire. The hurricane made land fall at 2 a.m. September 24th as a Category 3 storm with sustained winds in excess of 120 mph. The Sabine Pass area of Port Arthur was hit by an 8-10 foot storm surge that severly damaged or destroyed most structures. It is estimated 88% of the structures in the City received damage from this storm. After the storm a City wide curfew was enacted due to the damage sustained. Roadblocks were placed at all entrances to the City to prevent residents from re-entering the City. Due to the lack of utilities and the debris on roads through out the City residents were not allowed to return until 18 days later. Full electrical service was not available until late October.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Port Neches	$500,000	Water Facilities	171,615	13,537	3,687	Y	Contractor shall use funds as FEMA match. Water Facilities Contractor shall repair and improve the water plant and water tower, rebuild control room to withstand 150 mph load, paint and make electrical modifications. Sewer Facilities Contractor shall make repairs to lift stations and treatment plant, purchase a 40 kW generator including transfer switches for a lift station. Flood and Drainage Facilities - Debris Contractor shall use force account labor and equipment to remove debris from city roads and utility right-of-ways to reduce the health and fire hazards in the city. Street Improvements Contractor shall replace the street signs that were damaged by Hurricane Rita. Neighborhood Facilities/Community Centers Contractor shall make repairs to the Wright Building Community Center and Old Post Office Building. Senior Centers Contractor shall make repairs to Senior Citizens Center and purchase and install 100 kW generator including transfer switch, concrete pad and disconnect at the Center located on 623 Grigsby. Fire Protection Facilities and Equipment Contractor shall repair damages to the fire station. Public Services Contractor shall restore public services by making repairs to Police Station by removing water and dehumidifying the city's buildings, and install 100 kW generator including transfer switch, concrete pad, disconnect and electrical installation at the Service Center, 2001 Merriman, Pt Neches, TX.	Hurricane Rita damaged the city water and sewer system. Parks and streets signs were damaged throughout the city. The community centers, senior center, library, police station and service centers were damaged which reduced the ability of the city to provide services to citizens.
		Sewer Facilities	110,352					
		Street Improvements	1,853					
		Debris Removal	101,041					
		Shelter	2,508					
		Senior Center	746					
		Fire Protection	15,443					
		Public Services	13,645					
		Engineering	57,797					
		Planning/Proj Delivery	25,000					
Rose City	$100,000	Water Facilities	81,500	519	320	N	Water Facilities The contractor shall purchase and install one 100 kW generator and one 30 kW generator, manual transfer switchs, new disconnects, concrete pad, electrical installation at water treatment plant and for the raw water intake station.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused the water system to fail to function and meet TCEQ standards.
		Engineering	13,500					
		Planning/Proj Delivery	5,000					

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Silsbee	$315,000	Water Facilities Sewer Facilities Street Improvements Debris Removal Fire Protection Engineering Planning/Proj Delivery	90,836 162,221 13,319 12,219 268 21,137 15,000	6,023	2,638	Y	Contractor shall utilize funds as FEMA match for the following: Water Facilities Contractor shall install 175 kW diesel generator, automatic transfer switch, disconnect, concrete pad, and electrical installation for the Durdin Water Well. Sewer Facilities Contractor shall install a 650 kW diesel generator, manual transfer switch, disconnect, concrete pad, and electrical installation for the South Waste Water Treatment Plant and a 75 kW diesel generator, connecting conductors and electrical installation for pumping the lift stations. Solid Waste Disposal Facilities Contractor shall use funds to pay for debris removal. Street Improvements Contractor shall make repairs to streets damaged from debris clearance and replace eighty-two street signs that were destroyed. Fire Protection Facilities and Equipment Contractor shall make fire station repairs.	140-150 mph winds from Hurricane Rita destroyed electrical system causing water and sewer system to fail to function and meet TCEQ standards. High winds caused numerous trees and structures to be destroyed and debris had to be removed from the city which damaged the street system. High winds destroyed park eighty-two street signs and damaged the fire station.
Sour Lake	$210,000	Sewer Facilities Flood/Drainage Debris Removal Engineering Planning/Proj Delivery	85,259 25,184 81,032 8,525 10,000	1,646	794	Y	Contractor shall use funds as FEMA match. Sewer Facilities Contractor shall purchase and install one 250 kW diesel generator and transfer switch at the sewer treatment plant, purchase one 40 kW generator, manual transfer switch, disconnect and electrical installations for pumping lift station during electrical outages. Flood and Drainage Facilities - Debris Contractor shall remove and dispose of 150 c.y. of debris citywide. Flood and Drainage Facilities Contractor shall clear and reshape 15,480 l.f. of drainage ditches.	The 140-150 mph winds from Hurricane Rita destroyed the electrical system which caused the sewer system to fail to function and meet TCEQ standards. High winds caused numerous trees and structures to be destroyed and the debris had to be removed from the city. Ditches were damaged due to fallen trees and heavy equipment used to remove debris.
Taylor Landing	$50,000	Sewer Facilities Street Improvements Planning/Proj Delivery	36,742 10,758 2,500	265	20	Y	Sewer Facilities Contractor shall purchase and install a 125 kW diesel generator at the sewage treatment plant; repair damaged streets; match FEMA funds for fence repair at sewage treatment plant.	Power failure due to Hurricane Rita caused the sewage treatment plant at the City of Taylor Landing to fail to function. The city road system was heavily damaged by hurricane winds and rain and subsequent heavy truck traffic removing debris. The security fence around the sewage treatment plant was destroyed by hurricane winds.

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Applicant	TxCDBG Request Amount	Budget Line Item	TxCDBG Budget	Total Persons	Total Low/Mod Persons	FEMA	Project Description	Hurricane Rita Impact
Vidor	$500,000	Flood/Drainage Debris Removal Clearance/Demolition Acquisition Engineering Planning Design Planning/Proj Delivery	86,700 4,306 31,767 232,958 30,269 64,000 50,000	11,440	5,324	Y	Acquisition Contractor shall utilize funds as FEMA match to purchase and demolish fourteen structures, thus returning these sites back to their natural state. No structure shall be built on these sites in the future. Flood and Drainage Facilities - Debris Contractor shall use funds as FEMA match for debris removal that remains as a result of Hurricane Rita. Flood and Drainage Facilities Contractor shall use funds as TWDB match to perform a planning study to determine the effects of storm water on the entire drainage of the Schoolhouse in order to provide information and data for the development of a flood protection plan that will prevent Schoolhouse Ditch from coming out of its banks during major storms. In addition, Contractor shall excavate 213 c.y. of dirt, construct 120 l.f. of concrete drainage boxes and install 60 l.f. of guardrail. Water Facilities Contractor shall purchase and install 250 kW diesel generator for water well #4, 175 kW diesel generator for water well #5, 350 kW diesel generator for water well #6, and 75 kW diesel generator for a lift station.	Houses flooded citywide during Hurricane Rita. The city was without water and wastewater for weeks after the hurricane.
West Orange	$200,000	Fire Protection Specially Authorized Public Facilities	60,000 140,000	4,111	1,589	N	Fire Protection Facilities and Equipment The Contractor shall reconstruct the fire department building. Specially Authorized Public Facilities and Improvements Contractor shall reconstruct the Police Department building.	During Hurricane Rita the Fire Station and Police Station were destroyed. The 100 ft radio tower was twisted and slammed into the police building causing major roof damage. Heavy winds/rain destroyed interior and exterior of building. The fire station suffered roof damage from antenna collapse, along with metal siding and water damage. Hurricane blew holes in the building.
23	**12,450,000.00**			**568,433**	**205,514**		**36.15**	
23	**12,450,000.00**			**568,433**	**205,514**	**23**		

Housing Tax Credit Program
Board Action Request
August 30, 2006

Action Item

Request, review, and board determination of four (4) four percent (4%) tax credit applications with TDHCA as the Issuer.

Recommendation

Staff is recommending that the board review and approve the issuance of four (4) 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
04609	Pleasant Village	Dallas	TDHCA	200	200	$10,027,395	$6,000,000	$381,116	$370,152
060616	Center Ridge Apartments	Duncanville	TDHCA	224	213	$12,007,946	$8,500,000	$324,532	$324,532
060610	Meadowlands Apartments	Houston	TDHCA	236	236	$22,893,313	$13,500,000	$967,760	$951,354
060613	Stonehaven Apartment Homes	Houston	TDHCA	192	192	$18,195,895	$12,000,000	$710,000	$686,616

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Housing Revenue Bonds

Pleasant Village Apartments
378 N. Jim Miller Road
Dallas, Texas

Pleasant Village Limited Partnership
200 Units
Priority 1A
$6,000,000Tax Exempt – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Pleasant Village Apartments development.

Summary of the Pleasant Village Apartments Transaction

The pre-application was received on October 3, 2004. The application was scored and ranked by staff. The application was induced at the November 2004 Board meeting and an Application for Traditional Carryforward was submitted to the Texas Bond Review Board on December 14, 2004. The application received a Reservation of Allocation on December 15, 2004. This application is pooled with another transaction, Grove Village Apartments. Under the Traditional Carryforward designation the applicant must close on the bonds within 3 years of the reservation date. This application was submitted under the Priority 1C category. A public hearing was held on January 29, 2006. There were approximately 10 people in attendance with four people speaking for the record. The main concerns included the relocation plan of the tenants during the rehabilitation work, what was the scope of work that would be done, and what additional security measures the developer would be enforcing. A copy of the transcript is included in this presentation. The proposed site is located in the Dallas Independent School District.

The proposed acquisition/rehabilitation development is located at 378 N. Jim Miller Road, Dallas, Dallas County. Demographics for the census tract (93.04) include AMFI of $23,745; the total population is 5,555; the percent of the population that is minority is 96.96%; the number of owner occupied units is 560; the number renter occupied units is 1,191 and the number of vacant units is 309. (Census Information from FFIEC Geocoding for 2006)

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 $6,000,000. The bonds will be unrated and privately placed by U S Bank. U S Bank will underwrite the transaction using a debt coverage ratio of 1.15. The construction and lease up period will be for twelve months with payment terms of interest only, followed by a 22 year term and 30 year amortization. The interest rate on the Bonds will be 6.00% per annum.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Pleasant Village Apartments development because of the demonstrated quality of the rehabilitation of the proposed development, the feasibility of the development (as demonstrated by the financial commitments from U S Bank and WNC & Associates, Inc. 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
August 30, 2006

DEVELOPMENT: Pleasant Village Apartments, Dallas, Dallas County

PROGRAM: Texas Department of Housing and Community Affairs
2006 Multifamily Housing Mortgage Revenue Bonds
(Reservation received 12/15/04)

ACTION REQUESTED: Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Pleasant Village L.P. an Oregon limited partnership (the "Borrower"), to finance the acquisition, rehabilitation, equipping and long-term financing of a 200-unit multifamily residential rental Development located at 378 N. Jim Miller Road, Dallas, Dallas County (the "Development"). The Bonds will be tax-exempt by virtue of the Development's qualifying as a residential rental Development.

BOND AMOUNT: $6,000,000 Series 2006 Tax Exempt bonds (*)
$6,000,000 Total bonds

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

ANTICIPATED CLOSING DATE: The Department filed an application for Carryforward on December 14, 2004 for the Bonds pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds within 3 years of the reservation date, the anticipated closing date is August 31, 2006.

BORROWER: Pleasant Village Limited Partnership, an Oregon limited partnership, the general partner of which is Walker Guardian, L.L.C., an Oregon corporation, of which its managing member is Walker Bridge, LLC and its sole member is Rob Walker.

** Preliminary - Represents Maximum Amount*

COMPLIANCE HISTORY: The Compliance Status Summary completed on July 14, 2006 reveals that the principals of the general partner above have one property that will be monitored by the Department.

ISSUANCE TEAM & ADVISORS:

U S Bank National Association ("Bond Purchaser")
U S Bank National Association ("Trustee")
WNC & Associates ("Equity Provider")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Capital Markets ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. (Disclosure Counsel)

BOND PURCHASER: The Bonds will be privately placed on or about August 16, 2006. The initial purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter. The Bonds must be held by a sole bondholder at all times.

DEVELOPMENT DESCRIPTION:

Site: The proposed affordable housing community is a 200-unit multifamily residential rental development to be acquired and rehabilitated on approximately 20 acres of land located at 378 N. Jim Miller Road, Dallas, Dallas County (the "Development"). The density is 10 dwelling units per acre.

Buildings: The development will include a total of (25) three-story apartment buildings containing approximately 161,640 net rentable square feet and having an average unit size of 808 square feet. Rehabilitation will consist of wood-famed buildings with approximately 80% brick veneer exterior. Common area amenities will include barbecue grills and picnic tables, laundry facility, controlled-access gates, and outdoor activity areas. Unit amenities will include vinyl flooring and carpeting, washer/dryer connections, a microwave oven, and covered entries. There will also be on-site security.

Units	Unit Type	Square Feet	Proposed Rent	AMFI
40	1-Bedroom/1-Bath	584	$515.00	60%
120	2-Bedrooms/1.5-Baths	811	$625.00	60%
20	3-Bedrooms/1.5-Baths	1,024	$725.00	60%
20	3-Bedrooms/1.5-Baths	1,024	$404.00	30%
200	Total Units			

SET-ASIDE UNITS: For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each Development will be set aside on a priority basis for persons with special needs.

TENANT SERVICES: Tenant Services will be provided by the developer according to the requirements as outlined in the Departments Land Use Restriction Agreement.

DEPARTMENT FEES: $1,000 Pre-Application Fee (Paid).
$10,000 Application Fee (Paid).
$30,000 Issuance Fee (.50% of the bond amount paid at closing).

DEPARTMENT ANNUAL FEES: $6,000 Bond Administration (0.10% of first year bond amount)
$8,000 Compliance ($40/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: $5,000 to TDHCA or assigns ($25/unit/year adjusted annually for CPI)

TAX CREDITS: The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $370,152 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $2,850,168 of equity for the transaction.

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

The Bonds will mature over a term of approximately 22 years. The Bonds will pay interest only for approximately twelve (12) months following the closing date. The loan will be secured by a first lien on the Development.

BOND INTEREST RATES: The interest rate on the Bonds will be 6.00%. The Department's Real Estate Analysis division underwrote the transaction using a 6.00% rate.

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

FORM OF BONDS: The Bonds will be issued in physical form and are not eligible to be held in a book-entry only system unless the Bonds receive a rating of "A" or better from a nationally recognized rating agency. The Bonds will be issued initially in denominations of $100,000 plus any integral multiple of $5,000 in excess thereof.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During approximately the first twelve (12) months following the closing date, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account of the Construction Fund, earnings derived from amounts held on deposit in an investment agreement, if any, and other funds deposited to the Bond Fund specifically for capitalized interest during a portion of the construction phase. After completion of the Development, the Bonds will be paid from revenues earned from the Mortgage Loan.

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

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

Sinking Fund Redemption:

The Bonds are subject to a mandatory redemption in part by operation of a sinking fund, according to the schedule set forth in the Indenture.

Optional Redemption:

The Bonds are subject to optional redemption, in whole or in part at the direction of the Borrower on any Bond Payment Date, from the proceeds of an optional prepayment of the Loan by the Borrower at the redemption price calculated in accordance with Exhibit H of the Indenture plus accrued and unpaid interest to the redemption date.

Mandatory Redemption:

(a) (i) in whole or in part, in the event and to the extent that amounts on deposit in (i) the Bond Proceeds Subaccount of the

Capitalized Interest Account of the Project Fund, or (ii) the Bond Proceeds Subaccount of the Mortgage Loan Account of the Project Fund are transferred to the Redemption Fund on the first Business day following such transfer for which thirty (30) days notice of redemption can be given.

(b) If so called for redemption, the Bonds shall be redeemed at the redemption price calculated in accordance with Exhibit H to the Indenture plus accrued and unpaid interest to the date fixed for redemption.

Extraordinary or Special Mandatory Redemption

(a) in whole or in part, if there is damage to or destruction or condemnation of the Development, to the extent that Insurance Proceeds or a Condemnation Award in connection with the Development are deposited in the Revenue Fund and are not to be used to repair or restore the Development;

(b) in whole or in part, in the event of prepayment of the Loan at the direction of a trustee in Bankruptcy for the Borrower;

(c) in whole, when any amounts in the Bond Fund not being held therein to redeem Bonds is sufficient to pay any unpaid amount required to be paid by the Indenture and to redeem all Outstanding Bonds; and

(d) in whole, upon direction to the Trustee from the sole Bondholder to redeem all Outstanding Bonds on August 31, 2022, provided, that such direction from the sole Bondholder shall be given to the Trustee on or before the date that is 30 days after the Termination Date. If called for redemption pursuant to (a) through (c) above, the Bonds shall be redeemed at a redemption price calculated in accordance with Exhibit H to the Indenture plus accrued but unpaid interest to the redemption date. If called to redemption pursuant to (d) above, the Bonds shall be redeemed at a redemption price of par plus accrued but unpaid interest to the redemption date.

FUNDS AND ACCOUNTS ADMINISTRATION:

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

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

The Trust Indenture will create the following Funds and Accounts:

1. Bond Fund – Fund into which payments made by the Borrower are deposited and containing an Interest Account, Principal Account and Administrative Expense Account:

   (a) Administrative Expenses Account– Amounts used for all fees, indemnification amounts and other amounts payable to and for the account of the Trustee for extraordinary services of the Issuer, Bond Counsel, Trustee etc .

   (b) Interest Account – Amounts used to pay the interest on the Bonds coming due on such Bond Payment Date;

   (c) Principal Account – Amounts used to pay the principal of any Bonds coming due on such payment date;

2. Reserve for Replacements Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the Development.

3. Redemption Fund – Amounts which are used to effect mandatory or optional redemptions.

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. Debt Service Reserve Fund – Amounts equal to the Reserve Fund requirement used to pay principal and interest on the Bonds in the event amount sin the Interest account and Principal account of the Bond Fund are insufficient.

6. Cost of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee;

7. Operating Deficit Fund – A temporary fund into which deposits are made by the Borrower to transfer to the accounts of the Bond Fund to cover any Shortfall Amount (as such term is defined in the Indenture), and to be released to the Borrower once certain conditions are met under the Indenture.

8. Project Fund (containing a Capitalized Interest Account (with Bond Proceeds Subaccount and Borrower Equity Subaccount therein) and a Mortgage Loan Account (with a Bond Proceeds Account and the Borrower Contribution Account therein)) –

Amounts used for the purpose of paying the costs of the development and paying interest on the Bonds during the construction period on the Development.

The majority of the bond proceeds will be deposited into the Project Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds.

DEPARTMENT ADVISORS:

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – U S Bank National Association was selected as bond trustee by the Department pursuant to a request for proposals process in August 2005.

3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Disclosure Counsel –McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in September 2005.

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. 06-028

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (PLEASANT VILLAGE APARTMENTS) SERIES 2006; 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 governing board of the Department (the "Board") has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Pleasant Village Apartments) Series 2006 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and U.S. 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; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Pleasant Village Limited Partnership, an Oregon 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 November 12, 2004, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance a portion of 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 promissory note (the "Note") in an original aggregate principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (the "Mortgage") by the Borrower for the benefit of the Department; and

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

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Development which will be filed of record in the real property records of Dallas County, Texas; 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 Loan Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution, and (b) the Mortgage 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 Mortgage and the Note, and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE 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 or on the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That (i) the Bond shall bear interest at a rate of 6.0% per annum (subject to adjustment to a default rate as provided the Indenture); provided that, in no event shall the interest rate (including any default rate) on the Bonds exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $6,000,000; (iii) the final maturity of the Bonds shall occur on February 28, 2023; and (iv) the price at which the Bonds are sold to the Purchaser shall be the principal amount thereof.

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

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

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.6--Acceptance of the Mortgage and Note. That the form and substance of the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Note to the order of the Trustee, as its interests may appear, without recourse.

Section 1.7--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved; and that the authorized representatives of the

Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.8--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Indenture
Exhibit C - Loan Agreement
Exhibit D - Regulatory Agreement
Exhibit E Mortgage
Exhibit F - Note
Exhibit G - Assignments
Exhibit H - Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.13--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 the State of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

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

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

Section 2.5----Approving Initial Rents. That the initial maximum rent charged by the Borrower for the units of the Development shall not exceed the amounts attached as an exhibit to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Loan Agreement.

Section 2.6----Purchaser. That the purchaser with respect to the issuance of the Bonds shall be U.S. Bank National Association (the "Purchaser").

Section 2.7--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

Section 2.8--— Engagement of Other Professionals. That the 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.

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 Loan 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 Loan 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 Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of administration, monitoring and oversight 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 30th day of August, 2006.

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Pleasant Village Limited Partnership, an Oregon limited partnership

Development: The Development is a 200-unit multifamily facility known as Pleasant Village Apartments and is located at approximately 378 N. Jim Miller Road, Dallas, Dallas County, Texas 75217. The Development will include the reimbursement for the acquisition of and the costs of the rehabilitation of a total of 12 residential apartment buildings with a total of approximately 181,560 net rentable square feet and an average unit size of approximately 908 square feet. The unit mix consists of:

40	one-bedroom/one-bath units
120	two-bedroom/one-bath units
40	three-bedroom/two-bath units
200	Total Units

Unit sizes range from approximately 658 square feet to approximately 1,121 square feet.

Common areas include a clubhouse with business center, computer lab, laundry facilities, playground, sports court, barbeque and picnic area and children's activity area.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Pleasant Village Apartments, TDHCA Number 04609

BASIC DEVELOPMENT INFORMATION

Site Address:	378 North Jim Miller Road			Development #:	04609
City:	Dallas	Region:	3	Population Served:	Family
County:	Dallas	Zip Code:	75217	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	ACQ/R
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:	Pleasant Village Limited Partnership	
Owner Contact and Phone	Dan Steffey	(503) 802-3557
Developer:	Guardian Affordable Housing Development LLC	
Housing General Contractor:	TBD	
Architect:	N/A	
Market Analyst:	Apartment Market Data Research Services, Inc.	
Syndicator:	MMA Financial	
Supportive Services:	TBD	
Consultant:	State Street Housing Advisors, L.P.	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	100	100	0	40	120	40	0	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	200
Market Rate Units:	
Owner/Employee Units:	0
Total Development Units:	200
Total Development Cost:	$10,027,395
Number of Residential Buildings:	12
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$381,116	$370,152	0	0	0.00%
TDHCA Bond Allocation Amount:	$6,000,000	$6,000,000	30	15	6.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Pleasant Village Apartments, TDHCA Number 04609

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: West, District 23 NC

TX Representative: Jones, District 110 NC

US Representative: Johnson, District 30, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Laura Miller, Mayor, City of Dallas - NC

Resolution of Support from Local Government ☐

Patricia Smith-Harrington, Community Development Manager☐The development is consistent with the City of Dallas' Consolidated Plan.

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

Neighborhood Input:

General Summary of Comment:

Public Hearing: Concerns regarding the relocation plan of the tenants during the rehabilitation, the scope of the rehabiliation work being performed, and additional security measures the developer would be enforcing.
Number that attended: 10
Number that spoke: 5
Number in support: 6
Number in opposition: 3
Number Neutral: 1

CONDITIONS OF COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

1. Receipt, review, and acceptance of a building by building breakdown of units in each building and building plans and elevations prior to closing.

2. Receipt, review, and acceptance of satisfactory removal of the Mechanic's Lien by Affidavit executed by The Home Depot Supply, Inc. against Pleasant Village, Ltd. Partners in the amount of $4,038.14 filed December 27, 2005.

3. Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations including removal of mold in unit 1069 and operation and management plans for asbestos and lead based paint existing at this property have been carried out.

4. Receipt, review, and acceptance of a commitment from the general contractor to defer fees as necessary to fill a potential gap in permanent financing.

5. Receipt, review, and acceptance of a revised project-based rent subsidy indicating HUD's concurrence with anticipating the future increase in HAP rents on all HAP related units prior to cost certification.

6. Receipt, review, and acceptance of a revised syndication commitment or agreement that fully discloses the key terms and is consistent with the anticipated sources and uses of funds.

2. 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.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Pleasant Village Apartments, TDHCA Number 04609

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

4% Housing Tax Credits: Credit Amount: $370,152

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed the revised requested amount of $370,152 annually for ten years, subject to conditions.

TDHCA Bond Issuance: Bond Amount: $6,000,000

Recommendation: Recemmend Approval of issuance of $6,000,000 in Tax Exempt Mortgage Revenue Bonds with a fixed interest rate underwritten at 6.00% and repayment term of 15 years with a 30 year amortization period, subject to conditions.

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

Pleasant Village Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 6,000,000
Tax Credit Proceeds	2,906,806
Deferred Developer's Fee	184,023
GIC Income	126,341
Income from Operations	751,763
Total Sources	$ 9,968,933

Uses of Funds	
Acquisition and Site Work Costs	$ 2,908,664
Direct Hard Construction Costs	3,656,851
Other Construction Costs (General Require, Overhead, Profit)	496,566
Indirect Construction Costs	653,037
Developer Fees and Overhead	1,120,536
Direct Bond Related	195,000
Bond Purchase Costs	398,282
Other Transaction Costs	-
Real Estate Closing Costs	539,997
Total Uses	$ 9,968,933

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 30,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	12,000
TDHCA Bond Compliance Fee ($40 per unit)	8,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Trustee Fee	10,000
Trustee's Counsel (Note 1)	5,500
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	1,500
Total Direct Bond Related	$ 195,000

Pleasant Village Apartments

Bond Purchase Costs		
Bond Purchaser		90,000
Bond Purchaser's Counsel		25,000
Legal		77,680
Financing		205,602
Total Bond Purchase Costs	$	398,282
Other Transaction Costs		
Tax Credit Application and Determination Fees (if paid at closing)		
Total Other Transaction Costs	$	-
Real Estate Closing Costs		
Taxes and Insurance		92,596
Impact Fees		72,401
Construction Interest Reserve		375,000
Total Real Estate Costs	$	539,997
Estimated Total Costs of Issuance	$	1,133,279

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	July 21, 2006	**PROGRAM:**	MRB 4% HTC	**FILE NUMBER:**	2004-061 04609

DEVELOPMENT NAME

Pleasant Village Apartments

APPLICANT

Name:	Pleasant Village Apartments Limited Partnership		**Contact:**	Dan Steffey	
Address:	4380 S.W. Macadam Ave., Suite 380				
City	Portland	**State:**	OR	**Zip:**	97239-6486
Phone:	(503) 802-3557	**Fax:**	(503) 802-3648	**Email:**	

KEY PARTICIPANTS

Name:	Walker Gardian LLC	**Title:**	1% Managing General Partner of Applicant
Name:	Walker Bridge LLC	**Title:**	50% Owner of MGP
Name:	GM Low Income Housing Mgt LLC	**Title:**	50% Owner of MGP
Name:	Rob Walker	**Title:**	100% Owner of Walker Bridge
Name:	Guardian Management LLC	**Title:**	100% Owner of GM Low income Housing Mgt. LLC.
Name:	Guardian Holding, Inc.	**Title:**	100% Owner of Guardian Management LLC
Name:	Thomas B. Brenneke	**Title:**	100% Owner of Guardian Holding, Inc.

PROPERTY LOCATION

Location:	378 North Jim Miller Road				
City:	Dallas			**Zip:**	75217
County:	Dallas	**Region:**	3 - Dallas	☒ **QCT**	☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
MRB	1) $6,000,000	6.00%	30 yrs	18 yrs
HTC	2) $381,116	N/A	N/A	N/A

Proposed Use of Funds:	Acquisition/rehab	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $6,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE UNDERWRITTEN AT 6.00% AND REPAYMENT TERM OF 15 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $370,152 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a building by building breakdown of units in each building and building plans and elevations prior to closing.
2. Receipt, review, and acceptance of satisfactory removal of the Mechanic's Lien by Affidavit executed by The Home Depot Supply, Inc. against Pleasant Village Ltd. Partners in the amount of $4,038.14 filed December 27, 2005.
3. Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations including removal of mold in unit 1069 and operation and management plans for asbestos and lead based paint existing at this property have been carried out.
4. Receipt, review, and acceptance of a commitment from the general contractor to defer fees as necessary to fill a potential gap in permanent financing;
5. Receipt, review, and acceptance of a revised project-based rent subsidy indicating HUD's concurrence with anticipating the future increase in HAP rents on all HAP related units prior to cost certification;
6. Receipt, review, and acceptance of a revised syndication commitment or agreement that fully discloses the key terms and is consistent with the anticipated sources and uses of funds.
7. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 200 **# Res Bldgs** 12 **# Non-Res Bldgs** 2 **Age:** 38 yrs **Vacant:** 9% at 5/15/2006

Net Rentable SF: 181,560 **Av Un SF:** 908 **Common Area SF:** 6,700 **Gross Bldg SF:** 188,260

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: 80% brick veneer 15% Plywood/Composite siding, and 5% wood trim. The interior wall surfaces are drywall and the pitched roof is finished with asphalt composite shingles.

UNIT FEATURES

The interior flooring will be a combination of carpeting & vinyl flooring. Each unit will include: range & oven, hood & fan, garbage disposal, refrigerator, microwave oven, fiberglass tub/shower, laminated counter tops, central boiler water heating system, and central HVAC boiler chiller and fan coil units.

ONSITE AMENITIES

The property does not have a community room but does have a management leasing office and maintenance, & laundry facilities An equipped children's play area is located on the property along with perimeter fencing with limited access gate(s) are planned for the site.

Uncovered Parking: 354 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Grove Village Apartments is a 11.9-unit per acre acquisition and rehabilitation development of 200 units of affordable housing located in southeast Dallas. The development was built in 1968 and is comprised of 12 buildings. In addition to the apartment buildings, there is a separate leasing office and a mechanical/laundry building on site. There are 40 one-bedroom, 120 two-bedroom, and 40 three-bedroom units of varying configurations. The development includes a 4,200-square foot community building and a separate 2,500-square foot laundry building/ maintenance building.

Existing Subsidies: The property currently operates under two (2) HUD Section 8 project-based Housing Assistance Payment (HAP) contracts. The first contract (TX16-L000047) provides project-based rental assistance for 100 one, two, and three bedroom units. The contract was renewed on September 30, 2005 and is expected to be renewed again on September 30, 2006 for an additional year, and the Applicant intends to continue the contract for all 100 units. The second contract (TX16-M000310) provides project-based rental assistance for 30 one, two, and three bedroom units. The contract was renewed on May 1, 2006, and the applicant intends to continue the contract for all 30 units. It is expected that upon completion of the rehabilitation both HAP contracts will be combined into one. In addition, it is expected that the rents will be changed due to the intent of the Applicant to change the property from "all bills paid" to one where the tenants pay for electricity, except for Hot Water (hot water is provided by a central boiler system). The changes will include a utility allowance and possible reduction in rental assistance, however this reduction in rental assistance will be offset by the reduction of the cost of the utilities that the Applicant has been paying, and therefore, reducing the developments total operating expenses. The Applicant has indicated that they will be requesting an increase of 5% based on current market rental rates. For those units covered by a HAP contract, the rents used are those derived from current gross HAP rent less current utility allowances and increased by 5% as requested by the Applicant. For those units not covered by a HAP contract but are still restricted to 60% rents, the Underwriter has used the current market rent plus the utility allowances to determine a current gross HTC rent. The new gross HTC and HAP rents are substantially below the 50% and 60% 2006 HTC rent limits.

Development Plan: The buildings are currently 91% occupied and generally in poor condition. The property condition assessment prepared by Marx/Okubo is dated June 14, 2006 and indicates a total rehab cost of $4,398,153, which includes all contractor fees. When contractor fees are removed to determine the actual Hard Cost of Construction the total equals that of the Applicant at $2,967,212. The Applicant has indicated that the property will be completely rehabbed and meters will be installed for individual metering of the electricity. In addition the HVAC boiler, chiller and fan coil units will be replaced, along with all floor covering, window coverings, kitchen and bathroom cabinets, plumbing fixtures, and kitchen appliances are scheduled with the unit restoration and repair. The rehabilitation will be phased to minimize displacement of current residents. The current occupancy of the subject is approximately 91%. The 18 vacant units will be renovated first and existing tenants will be moved into these units to minimize displacement of current residents.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other apartment developments of the same age. They appear to provide acceptable access and storage. The elevations reflect modest buildings with simple fenestration. Receipt, review, and acceptance of a building by building breakdown of units in each building and building plans and elevations prior to closing.

SITE ISSUES

SITE DESCRIPTION

Total Size:	16.86 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	PD-No. 32	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is generally a rectangular-shaped parcel located in the southeast area of Dallas, approximately 10 miles from the central business district. The site is situated on the east side of Jim Miller Road.

Adjacent Land Uses:

- **North:** Multifamily developments immediately adjacent;
- **South:** Douglass Elementary School immediately adjacent and vacant land beyond;
- **East:** Elam Creek immediately adjacent and vacant land beyond; and

- **West:** Jim Miller Road immediately adjacent and single family residences beyond.

Site Access: Access to the property is from the north or south along Jim Miller Road. The development has two main entries, both from the north or south from Jim Miller Road. Access to U. S. Highway 175 is less than one mile east, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by DART (Dallas Area Rapid Transit). The location of the nearest stop is at the intersection of Loop 12 and Jim Miller Road which is approximately 200 yards west of the subject.

Shopping & Services: The site is within five miles of major grocery/pharmacies, shopping centers, a multi-screen theater, 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.

Adverse Site Characteristics:

- **Title:** Mechanic's Lien Affidavit executed by The Home Depot Supply, Inc. against Pleasant Village Ltd., in the amount of Four Thousand Thirty Eight and 14/100 ($4,038.14), filed December 27, 2005 recorded in/under County Clerk's No. 200600006899 of the Real Property Records of DALLAS County, Texas. Receipt, review, and acceptance prior to closing of evidence that this Mechanic's Lien has been satisfied and removed from the title report is a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/5/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 13, 2006, was prepared by LandAmerica Assessment Corp. and contained the following findings and recommendations:

Findings:

- **Noise:** LAC did not identify industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise in close proximity to the Property. A noise study is not recommended for the Property. (p. 22)
- **Floodplain:** According to the Federal Emergency Management Agency's Flood Insurance Rate Map (FIRM), Community Panel Number 48113C0505 J, effective August 23, 2001, the subject property is located in Zone X. Zone X has been determined to be outside the 500- year floodplain. (p.13)
- **Asbestos-Containing Materials (ACM):** Asbestos-containing wallboard surfacing, floor tile and floor tile mastic were identified within the apartment units, as well as, asbestos-containing chiller pipe elbow insulation in the boiler room. Due to the good condition of the materials, Aaron & Wright recommended that the asbestos-containing materials be managed-in-place through an Operations and Maintenance (O&M) Program. (p. 16)
- **Lead-Based Paint (LBP):** Lead based paint (LBP) was found in the second layer of an exterior wall. The second layer of paint was in good condition; however, the first layer, which did not contain LBP, was damaged. Aaron & Wright recommended that the paint be managed-in-place in a LBP O&M program. (p. 16)
- **Lead in Drinking Water:** The Property is connected to the city water supply provided by the City of Dallas. According to the City of Dallas 2004 Drinking Water Quality Report, the drinking water supplied to the site is within state and federal standards, including lead and copper. (p. 19)
- **Mold:** Approximately 100 square feet of mold was visually identified in the dining room and two closets adjacent to the bathroom in Unit 1069. Mr. Robert Shelton, Maintenance Supervisor, informed Aaron & Wright that the mold resulted from a plumbing leak from the above unit. Aaron & Wright recommended that the mold be removed.
- **Radon:** The U.S. Environmental Protection Agency (EPA) currently recommends remedial action levels above 4 pico-Curies per liter (pCi/L). According to available information from the EPA/Texas Residential Radon Survey, radon does not generally occur in the area of the subject property in at

concentrations that are considered to be a significant concern. Radon concentrations from 85 properties in Dallas County, Texas indicated an average of 1.20 picoCuries per liter (pCi/L) placing the subject property in Zone 3. Zone 3 has a predicted average indoor screening level less than 2 pCi/L, which falls below the EPA defined threshold of concern, which is 4.0 pCi/L. Therefore, radon is not considered a significant environmental concern. (p. 21)

- **Polychlorinated Biphenyls (PCBs):** Older transformers and other electrical equipment could contain polychlorinated biphenyls (PCBs) at a level that subjects them to regulation by the U.S. EPA. PCBs in electrical equipment are controlled by United States Environmental Protection Agency regulations 40 CFR, Part 761. Under the regulations, there are three categories into which electrical equipment can be classified:
  - Less than 50 parts per million (PPM) of PCBs – "Non-PCB" transformer
  - 50 ppm-500 ppm – "PCB-Contaminated" electrical equipment
  - Greater than 500 ppm – "PCB" transformer

  LAC observed 14 pad-mounted electrical transformers on the Property. The units are situated outside each apartment building. The units were not labeled as to their PCB status; however, they are owned and operated by TXU Energy, who maintains operational responsibility of the transformers. No indication of staining, leaks or fire damage was observed on or around the bases of these units. (p. 19)

Recommendations: Based on the findings of this ESA, LAC recommends the following:

- An O&M program should be developed to manage-in-place the ACM found at the Property. The intent of the O&M program is to minimize the potential exposure of building occupants to airborne asbestos fibers. In addition, prior to any demolition or renovation activities a comprehensive ACM survey is recommended.
- An O&M program should be developed to manage-in-place the LBP found at the Property. The intent of the O&M program is to minimize the potential exposure of building occupants to LBP. In addition, prior to any demolition or renovation activities comprehensive a LBP survey is recommended.
- The Mold, as identified in the Aaron and Wright report, located in Unit 1069, be removed.

Receipt, review, and acceptance prior to the start of construction of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. To qualify as a Priority 1 Private Activity Bond allocation for a Qualified Residential Rental Project, the Applicant has elected to set-aside 50% of the units with rent and income restrictions at 50% of area median family income and the remaining 50% of the units with rent and income restrictions at 60% of area median family income (§ 1372.0321, Texas Government Code).

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$27,960	$31,920	$35,940	$39,900	$43,080	$46,260

MARKET HIGHLIGHTS

A market feasibility study dated May 31, 2006, was prepared by Apartment Market Data Research Services, LLC ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA) : "Determination of the primary or defined market of the "PMA" (Primary Market Area or sub-market), and definition of the boundaries of the trade area are based primarily upon local knowledge; in addition to interviews with city officials/planners and local real estate sources such as appraisers, developers, brokers, and agents. " "For this analysis we utilized a **primary trade area** comprising a custom Trade Area." (pg. 39) This trade area encompasses approximately 39.62

square miles and is equivalent to a circle with a radius of 3.55 miles.

Population: The estimated 2005 population of the primary market area is 83,646 and is expected to increase by 1.1% to approximately 84,750 by 2010. Within the primary market area there were estimated to be 22,088 households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 4,716 qualified households in the PMA, based on the current estimate of 21,731 households, the projected annual growth rate of -1.6%, renter households estimated at 5.6% of the population, income-qualified households estimated at 21.7%, and an annual renter turnover rate of 64.5 %. (p. 7, 58-59). The Market Analyst used an income band of $18,000 to $43,080.

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	-60	-2.1%	-32	1.1%
Resident Turnover	2,940	102.1%	3,042	101.1%
Other Sources:	N/A	N/A	N/A	N/A
TOTAL DEMAND	**2,880**	**100%**	**3,009**	**100%**

p. 61

The subject development contains 200 units and is currently 91% occupied, with 130 units under a HAP contract. It is likely that 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 6 conventional market comparable apartment projects totaling 1,420 units in the market area. "The Apartment MarketData Report reflects an average rental rate of $.748/sf for one bedroom units, $.683/sf for two bedrooms, $.887/sf for three bedroom units, and $.718/sf overall. " (p. 109).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (HAP) 50%	$526	$571	-$45	$545	-$19
1-Bedroom (HAP) 60%	$470	$696	-$226	$545	-$75
1-Bedroom (60%)	$545	$696	-$151	$545	$0
2-Bedroom (HAP) 50%	$601	$673	-$72	$640	-$39
2-Bedroom (HAP) 60%	$578	$823	-$245	$640	-$62
2-Bedroom (60%)	$640	$846	-$206	$640	$0
3-Bedroom (HAP) 50%	$727	$771	-$44	$790	-$63
3-Bedroom (HAP) 60%	$664	$944	-$280	$790	-$126
3-Bedroom (60%)	$790	$962	-$322	$790	$0

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

Primary Market Occupancy Rates: "With the exception of 30 units that were added to The Falls in 2005, these projects were built in the 1980's. The occupancy rate for the market rate one bedrooms is 82.4%, for the market rate two bedrooms it is 83.3%, the occupancy for the market rate three bedroom units is 88.7%, and the overall average occupancy for the market rate units is 83.0%" (p. 109).

Absorption Projections: "The developer anticipates maintaining 75% physical occupancy during the rehabilitation, which would begin in 2006, and achieving stabilized occupancy by the beginning of 2008. This could be accomplished by rehabilitating units as they are vacated as normal turnover and /or relocating existing residents into renovated units. This would require absorbing approximately 108 units (net) toward the latter part, or upon completion of, the renovations, which seems reasonable to the analyst.... A conservative 10% monthly lease-up rate would be as follows: Lease up of 11 units per month for nine months and 9 units in the 10th month for a total of 108 units" (p. 97). These assumptions include both Grove Village, 232 units, and Pleasant Village, 200 units.

Effect on Existing Housing Stock: "The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in quality affordable housing in this market since so many of the units in this market are much older, and newer affordable projects have much higher rental rates than the proposed renovated Grove-Pleasant Village Apartments. The subject will not have a serious effect on the Masters Apartments, Murdeaux Villas or Rosemont at Pemberton Hill since they offer newer quality and amenities that the renovated subject will not offer, such as washer/dryer connections." (p. 97).

Market Study Analysis/Conclusions: The Market study complies with TDHCA market study guidelines, and the Underwriter found the market study to be acceptable.

OPERATING PROFORMA ANALYSIS

Income There are two (2) HUD HAP contracts containing a total of 130 units of the 200 total units. These contracts specify the rents to be charged but do not specify utility allowances. This is due to the fact that the project currently pays all utilities. During Rehabilitation the units will be converted to individual electrical meters and the tenants will be paying the electric charge with the exception of the charge for Hot Water. (During the rehabilitation the current hot water boiler will be replaced with a new unit.) According to Ms. Gass at Southwest Housing Compliance Corp (Contract Administrator for HUD) the rents will basically stay the same and the utility allowances will reduce the amount of rent collected. The owners will make up for the lost revenue by the reduction in operating expenses due to no longer having to pay the monthly utility charges. The Applicant has indicated that after the rehabilitation is complete they will be requesting an increase of 5% based on current market rental rates. For those units covered by a HAP contract, the rents used are those derived from current gross HAP rent, less current utility allowances, and the 5% increase that will be requested by the Applicant. For those units not covered by a HAP contract but are still restricted to 60% rents, the Underwriter has used the current market rent. The current market rent, was added to the utility allowances, to determine a gross HTC rent. The new gross HTC and HAP rents are substantially below the 50% and 60% 2006 HTC rent limits.

The secondary income is made up of vending income, fees, and other miscellaneous charges. The Applicant is projecting $6.00 per unit per month. This amount is below the Departments max level of $15.00 per unit per month. The Applicant used a vacancy and collection loss equal to 9%, which is above the normal 7.5% vacancy factor used by the Department. The Effective Gross Income estimates are within 5% of the Underwriters estimate.

Expenses: The Applicant's total annual operating expense projection at $4,138 per unit is within 5% of the Underwriter's estimate of $4,247, derived from actual operating history of the development, the TDHCA database, and third-party data sources. General and Administrative expenses are 19K lower than the TDHCA data base estimates, and Payroll and Payroll Tax expense estimate is 25K higher than the TDHCA data base estimates, Repairs and Maintenance expense estimate is 23K higher than the TDHCA data base estimates, Property Insurance expense estimate is 22K lower than the TDHCA data base estimates, Property Tax expense estimate is 59K lower than the TDHCA data base estimates. This property is going through a change in who pays the utility charges. After the rehabilitation is complete the tenant will be responsible for paying the utility charges. (Electric and gas with the exception of the fuel for the central boiler system.) Therefore, the expense estimate on the part of the Applicant could be somewhat over stated.

Conclusion: The Income, Expense and Net Operating Income line items are all within 5% of the Underwriter's estimates; therefore, the Applicant's NOI will be used to determine the DCR and 30 year proforma.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE - September 16, 2004

Land Only: (16.86) acres	$735,000	**Date of Valuation:**	09/16/2004
Existing Building(s): "as is"	$1,975,000	**Date of Valuation:**	09/16/2004
Total Development: "as is"	$2,710,000	**Date of Valuation:**	09/16/2004
Appraiser:	Tony Lenamon Stephen DuPlantis	**Firm:** CB Richard Ellis	**City:** Dallas

APPRAISAL ANALYSIS/CONCLUSIONS

There is no indication that the acquisition is an identity of interest transaction; therefore, an appraisal is not required for use in the underwriting analysis. However, an appraisal was provided by the purchaser, and was performed by C B Richard Ellis dated September 16, 2004. This dated appraisal was utilized because of the Date of Purchase to determine a current land value. The property was acquired in October 2004, and therefore, a current appraisal today would not provide a reliable land value to accurately support the land cost as of the date of acquisition. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the income capitalization approach. Three land sales dating from January 2003 to September 2003 for 10.04 to 19.77 acres was used to determine the underlying value of the land. As a result, the value attributed to the existing buildings is $1,975,000 or 72.9% of the total appraised value of the property. The value conclusion of $2,710,000 supports the contract price of $2,908,664.

ASSESSED VALUE - 2006

Land: (16.86) acres	$625,900	**Assessment for the Year of:**	2006
Building:	$1,955,550	**Valuation by:**	Dallas County Appraisal District
Total Assessed Value:	$2,581,450	**Tax Rate:**	$2.9849

ASSESSED VALUE - 2004

Land: (16.86) acres	$625,900	**Assessment for the Year of:**	2004
Building:	$227,100	**Valuation by:**	Dallas County Appraisal District
Total Assessed Value:	$853,000	**Tax Rate:**	

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Special Warranty Deed(17.46 acres) Property currently owned by Applicant – Closed Oct 2004		
Contract Expiration:	10/27/2004	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$2,908,664*	**Other:**	
Seller:	Pleasant Village Apartments, Ltd.	**Related to Development Team?**	☐ Yes ☒ No

* The Acquisition cost of $2,908,664 is derived from the $2,600,000 contract price plus closing costs less an amount that the Applicant's CPA deducted as ineligible. ($2,600,000 plus $983,400, less $674,736 which equals $2,908,664.)

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $172,519 per acre or $14,543 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant's acquisition cost estimate is slightly overstated based upon the lesser of the sales price minus assessed value or the prorata portion based on the appraised value.

Sitework Cost: Since this is a proposed rehabilitation the associated sitework costs are minimal. The PCA has estimated sitework costs of $2,898 per unit.

Direct Construction Cost: The Applicant's direct construction cost estimate is $2,967,212 or 32.5% lower than the $4,398,153 estimate provided in the Property Condition Assessment (PCA). However, the cost estimate provided by the PCA includes all contractor fees. When these fees are removed and the actual Hard Cost of Construction is determined the Applicant's and PCA costs estimates are both $2,908,664.

Fees: The Applicant's contractor and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since this is an Acquisition/Rehab, the Underwriter's total cost breakdown is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of $8,560,649 is used to determine a credit allocation of $370,152 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 Underwriter's costs to determine the recommended credit amount.

The Applicant used a higher applicable percentage of 3.62% instead of the current underwriting percentage of 3.56%. This resulted in an increase of credits in the amount of $10,964. This amount has been adjusted to reflect the lower percentage which equates to $370,152 in total credits. It should be noted that the Applicant has provided several revisions to the sources and uses over the last few months and days. The most recent of which identify total cost of $9,968,933 but a revised total of these costs was not provided and in any event is less than the underwriter's costs based upon the PCA report.

FINANCING STRUCTURE

CONSTRUCTION AND PERMANENT FINANCING

Source: U. S. Bank National Association **Contact:** David A. Castricano, Loren M. Clark

Principal: $6,000,000 **Interest Rate:** 6.00%, fixed, lender's estimate **Amort:** 360 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

TAX CREDIT SYNDICATION

Source: WNC & Assoc. **Contact:** Patrick Day

Proceeds: $2,906,806 **Net Syndication Rate:** $0.77 **Anticipated HTC:** $377,507

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: The above Anticipated Tax Credits are computed using the Syndication Rate and the estimated Net Proceeds from the sale of these credits.

OTHER

Amount: $1,177,227 **Source:** 105% of the available Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: U. S. Bank NA is providing both the Construction and Permanent financing for the Subject property. US Bank is to purchase a private placement of non-bank qualified tax-exempt multifamily revenue bonds totaling up to $6,000,000. The Construction loan period will be 12 months from loan closing plus applicable extensions (option of one, 6-month extension) at an underwriting interest rate of 6.00% with monthly interest only payments. Upon the conversion to the permanent, payments will be monthly principal and interest payments with the principal payments based on a thirty (30) year amortization period with a 15 year term.

The development qualifies as a Priority 1 Private Activity Bond transaction because it is at least 51 percent financed by tax-exempt private activity bonds (§ 1372.0321, Texas Government Code).

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. Mr. Patrick Day, Project Manager for WNC & Assoc., explained why the Net Syndication Rate is so low at $.77. He indicated this is due to the nature of the deal; it is an acquisition/rehabilitation loan of a property that is approximately 35-40 years old. The decision was made to make this a Public Offering instead of the normal Corporate Offering. It was generally felt that the deal would be scrutinized less as a Public Offering. Mr. Day indicated that because this is a Public Offering they are limited to a Syndication Rate of $.77. Inconsistencies in the amount of Syndication proceeds have occurred throughout the underwriting process and the proceeds terms and credit amount have never matched with the sources and uses of funds statements provided. Receipt, review, and acceptance of a revised syndication commitment or agreement that fully discloses the key terms and is consistent with the anticipated sources and uses of funds.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $486,416 amount to 43.6% of the total fees.

Financing Conclusions: The permanent lender requires a 1.15 DCR prior to closing into the permanent loan. The Underwriter's total development cost estimate less the permanent loan of $6,000,000 indicates the need for $4,027,395 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $523,038 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($381,116), the gap-driven amount ($523,038), and eligible basis-derived estimate ($370,152), the TDHCA eligible basis-derived estimate of $370,152 is recommended resulting in proceeds of $2,850,168 based on a syndication rate of .77%.

The Underwriter's recommended financing structure indicates the need for $1,177,227 in additional permanent funds or $60,621 above the total Deferred developer's fees available. However, this total amount appears to be repayable from development cashflow within 10 years of stabilized operation. Receipt, review, and acceptance of a commitment from the general contractor to defer fees as necessary to fill a potential gap in permanent financing is a condition of this report.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, and property manager 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.
- Guardian Management LLC, 50% owner of the Managing General Partner submitted an unaudited financial statement as of December 2005 reporting total assets of $9.9M and consisting of $161K in cash, $8.7M in receivables, and $(-570K) in business interests. Liabilities totaled $6.6M, resulting in a net worth of $3.3M.
- One of the principals of the General Partner (50%), Mr. Rob Walker, submitted an unaudited financial statement as of April 1, 2006 and is anticipated to be guarantor of the development.
- One of the principals of the General Partner (50%), Mr. Thomas B. Brenneke, submitted an audited financial statement as of December 31, 2005 and is anticipated to be guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application information and commitments provided may affect the financial feasibility of the development
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
- Receipt, review, and acceptance of a revised project-based rent subsidy indicating HUD's concurrence

with anticipating the future increase in HAP rents on all HAP related units prior to closing.

Underwriter:	Bert Murray	**Date:**	July 21, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	July 21, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Pleasant Village Apartments, Dallas, 4%, 2004-061, 04609

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC (60%)	15	1	1	658	$748	$545	$8,175	$0.83	$52.00	$62.00
TC (60%) HAP #310	5	1	1	658	$748	$470	2,352	0.71	$52.00	$62.00
TC (50%) HAP #047	20	1	1	658	$623	526	10,521	0.80	$52.00	$62.00
TC (60%)	40	2	1.5	920	$898	640	25,600	0.70	$52.00	$62.00
TC (60%) HAP #310	20	2	1.5	920	$898	578	11,550	0.63	$75.00	$75.00
TC (50%) HAP #047	60	2	1.5	920	$748	601	36,036	0.65	$75.00	$75.00
TC (60%)	15	3	1.5	1,121	$1,037	790	11,850	0.70	$75.00	$75.00
TC (60%) HAP #310	5	3	1.5	1,121	$1,037	$664	3,318	0.59	$93.00	$88.00
TC (50%) HAP #047	20	3	1.5	1,121	$864	$727	14,532	0.65	$93.00	$88.00
TOTAL:	200		AVERAGE:	908	$821	$620	$123,934	$0.68	$68.05	$71.43

Total Net Rentable Sq Ft: 181,560

Comptroller's Region 3

IREM Region Dallas

INCOME				TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$1,487,208	$1,469,820			
Secondary Income		Per Unit Per Month:	$6.00	14,400	14,400	$6.00	Per Unit Per Month	
Other Support Income: (describe)				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,501,608	$1,484,220			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(112,621)	(133,584)	-9.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$1,388,987	$1,350,636			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.31%	$369	0.41	$73,704	$54,900	$0.30	$275	4.06%
Management		5.00%	347	0.38	69,449	81,300	0.45	407	6.02%
Payroll & Payroll Tax		13.47%	935	1.03	187,028	212,519	1.17	1,063	15.73%
Repairs & Maintenance		6.25%	434	0.48	86,809	109,800	0.60	549	8.13%
Utilities		4.72%	328	0.36	65,556	78,000	0.43	390	5.78%
Water, Sewer, & Trash		7.40%	514	0.57	102,792	100,700	0.55	504	7.46%
Property Insurance		4.14%	288	0.32	57,535	35,000	0.19	175	2.59%
Property Tax	2.98486	8.60%	597	0.66	119,394	60,000	0.33	300	4.44%
Reserve for Replacements		4.32%	300	0.33	60,000	70,000	0.39	350	5.18%
Other: compl fees		1.96%	136	0.15	27,200	25,000	0.14	125	1.85%
TOTAL EXPENSES		61.16%	$4,247	$4.68	$849,468	$827,219	$4.56	$4,136	61.25%
NET OPERATING INC		38.84%	$2,698	$2.97	$539,520	$523,417	$2.88	$2,617	38.75%
DEBT SERVICE									
US Bank		31.08%	$2,158	$2.38	$431,676	$492,743	$2.71	$2,464	36.48%
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		7.76%	$539	$0.59	$107,843	$30,674	$0.17	$153	2.27%
AGGREGATE DEBT COVERAGE RATIO					1.25	1.06			
RECOMMENDED DEBT COVERAGE RATIO						1.21			

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)		29.01%	$14,543	$16.02	$2,908,664	$2,908,664	$16.02	$14,543	29.21%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		5.78%	2,898	3.19	579,687	579,687	3.19	2,898	5.82%
Direct Construction		29.59%	14,836	16.34	2,967,212	2,967,212	16.34	14,836	29.80%
Contingency	10.00%	3.54%	1,773	1.95	354,690	354,690	1.95	1,773	3.56%
General Req'ts	6.00%	2.12%	1,064	1.17	212,814	212,814	1.17	1,064	2.14%
Contractor's G & A	2.00%	0.71%	355	0.39	70,938	70,938	0.39	355	0.71%
Contractor's Profit	6.00%	2.12%	1,064	1.17	212,814	212,814	1.17	1,064	2.14%
Indirect Construction		3.33%	1,671	1.84	334,261	334,261	1.84	1,671	3.36%
Ineligible Costs		4.89%	2,452	2.70	490,449	490,449	2.70	2,452	4.93%
Developer's G & A	2.00%	1.48%	744	0.82	148,881		0.00	0	0.00%
Developer's Profit	13.00%	9.65%	4,839	5.33	967,726	1,120,536	6.17	5,603	11.25%
Interim Financing		5.90%	2,959	3.26	591,844	591,844	3.26	2,959	5.94%
Reserves		1.87%	937	1.03	187,416	113,026	0.62	565	1.14%
TOTAL COST		100.00%	$50,137	$55.23	$10,027,395	$9,956,935	$54.84	$49,785	100.00%
Construction Cost Recap		43.86%	*$21,991*	*$24.22*	*$4,398,155*	*$4,398,155*	*$24.22*	*$21,991*	44.17%

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
US Bank	59.84%	$30,000	$33.05	$6,000,000	$6,000,000	$6,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$1,116,606
HTC Syndication Proceeds (WNC)	27.96%	$14,016	$15.44	2,803,285	2,803,285	2,850,168	% of Dev. Fee Deferred
Deferred Developer Fees	5.90%	$2,959	$3.26	591,844	591,844	1,177,227	105%
Additional (Excess) Funds Req'd	6.31%	$3,161	$3.48	632,266	561,806	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$10,027,395	$9,956,935	$10,027,395	$2,521,927

Pleasant Village Apartments, Dallas, 4%, 2004-061, 04609

PAYMENT COMPUTATION

Primary	$6,000,000	Amort	360
Int Rate	6.00%	DCR	1.25

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.25

Additional		Amort	
Int Rate		Aggregate DCR	1.25

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$431,676
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$91,741

Primary	$6,000,000	Amort	360
Int Rate	6.00%	DCR	1.21

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.21

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.21

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,469,820	$1,513,915	$1,559,332	$1,606,112	$1,654,295	$1,917,782	$2,223,235	$2,577,338	$3,463,727
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,484,220	1,528,747	1,574,609	1,621,847	1,670,503	1,936,570	2,245,016	2,602,589	3,497,662
Vacancy & Collection Loss	(133,584)	(114,656)	(118,096)	(121,639)	(125,288)	(145,243)	(168,376)	(195,194)	(262,325)
Employee or Other Non-Rental Units or I	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,350,636	$1,414,091	$1,456,513	$1,500,209	$1,545,215	$1,791,328	$2,076,640	$2,407,395	$3,235,337
EXPENSES at 4.00%									
General & Administrative	$54,900	$57,096	$59,380	$61,755	$64,225	$78,140	$95,069	$115,666	$171,214
Management	81,300	85119.5779	87673.16521	90303.36017	93012.46098	107826.9346	125000.9698	144910.3635	194747.438
Payroll & Payroll Tax	212,519	221,020	229,861	239,055	248,617	302,481	368,014	447,745	662,773
Repairs & Maintenance	109,800	114,192	118,760	123,510	128,450	156,280	190,138	231,332	342,428
Utilities	78,000	81,120	84,365	87,739	91,249	111,018	135,071	164,334	243,255
Water, Sewer & Trash	100,700	104,728	108,917	113,274	117,805	143,327	174,380	212,160	314,048
Insurance	35,000	36,400	37,856	39,370	40,945	49,816	60,609	73,740	109,153
Property Tax	60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	187,119
Reserve for Replacements	70,000	72,800	75,712	78,740	81,890	99,632	121,217	147,479	218,306
Other	25,000	26,000	27,040	28,122	29,246	35,583	43,292	52,671	77,966
TOTAL EXPENSES	$827,219	$860,875	$894,459	$929,361	$965,632	$1,169,502	$1,416,691	$1,716,449	$2,521,009
NET OPERATING INCOME	$523,417	$553,215	$562,054	$570,848	$579,583	$621,825	$659,948	$690,945	$714,328
DEBT SERVICE									
First Lien Financing	$431,676	$431,676	$431,676	$431,676	$431,676	$431,676	$431,676	$431,676	$431,676
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	$91,741	$121,539	$130,378	$139,172	$147,906	$190,149	$228,272	$259,269	$282,652
DEBT COVERAGE RATIO	1.21	1.28	1.30	1.32	1.34	1.44	1.53	1.60	1.65

HTC ALLOCATION ANALYSIS - Pleasant Village Apartments, Dallas, 4%, 2004-061, 04609

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	$735,000	$788,881				
Purchase of buildings	$2,173,664	$2,119,783	$2,173,664	$2,119,783		
(2) Rehabilitation/New Construction Cost						
On-site work	$579,687	$579,687			$579,687	$579,687
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$2,967,212	$2,967,212			$2,967,212	$2,967,212
(4) Contractor Fees & General Requirements						
Contractor overhead	$70,938	$70,938			$70,938	$70,938
Contractor profit	$212,814	$212,814			$212,814	$212,814
General requirements	$212,814	$212,814			$212,814	$212,814
(5) Contingencies	$354,690	$354,690			$354,690	$354,690
(6) Eligible Indirect Fees	$334,261	$334,261			$334,261	$334,261
(7) Eligible Financing Fees	$591,844	$591,844			$591,844	$591,844
(8) All Ineligible Costs	$490,449	$490,449				
(9) Developer Fees				$317,967		$798,639
Developer overhead		$148,881				
Developer fee	$1,120,536	$967,726	$324,846		$795,690	
(10) Development Reserves	$113,026	$187,416				
TOTAL DEVELOPMENT COSTS	$9,956,935	$10,027,395	$2,498,510	$2,437,750	$6,119,950	$6,122,899

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			$2,498,510	$2,437,750	$6,119,950	$6,122,899
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$2,498,510	$2,437,750	$7,955,935	$7,959,768
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$2,498,510	$2,437,750	$7,955,935	$7,959,768
Applicable Percentage			3.56%	3.56%	3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS			$88,947	$86,784	$283,231	$283,368
Syndication Proceeds		**0.7700**	**$684,891**	**$668,236**	**$2,180,881**	**$2,181,932**
Total Tax Credits (Eligible Basis Method)					**$372,178**	**$370,152**
Syndication Proceeds					**$2,865,772**	**$2,850,168**
Requested Tax Credits					**$381,116**	
Syndication Proceeds					**$2,934,593**	
Gap of Syndication Proceeds Needed					**$3,956,935**	**$4,027,395**
Total Tax Credits (Gap Method)					**$513,888**	**$523,038**

Applicant Evaluation

Project ID # **04609** Name: **Pleasant Village** City: **Dallas**

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: 1

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) ☐

Portfolio Analysis

- Not applicable ☑
- No unresolved issues ☐
- Not current on set-ups ☐
- Not current on draws ☐
- Not current on match ☐

Reviewed by Patricia Murphy Date 7/14/2006

Multifamily Finance Production

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

Reviewer A. Martin
Date 7 /14/2006

Single Family Finance Production

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

Reviewer Dina Gonzalez
Date 7 /14/2006

Real Estate Analysis (Workout)

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

Reviewer David Burrell
Date 7 /14/2006

Community Affairs

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

Reviewer EEF
Date 7 /14/2006

Office of Colonia Initiatives

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

Reviewer Maria Cazares
Date 7 /14/2006

Financial Administration

- No delinquencies found ☑
- Delinquencies found ☐

Reviewer Melissa Whitehead
Date 7 /14/2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Grove Village Apartments and Pleasant Village Apartments

Public Hearing

Total Number Attended	10
Total Number Opposed	3
Total Number Supported	6
Total Number Neutral	1
Total Number that Spoke	5

Public Officials Letters Received

Opposition	0
Support	0

General Public Letters and Emails Received

Opposition	0
Support	0

Summary of Public Comment

concerned about the relocation plan of the tenants during the rehabilitation
the scope of the rehabilitation work being performed
additional security measures the developer would be enforcing

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GROVE VILLAGE and PLEASANT VILLAGE APARTMENTS

PUBLIC HEARING

Wednesday, March 29, 2006
Frederick Douglass Elementary School
226 North Jim Miller Road
Dallas, Texas

PRESIDING: SHANNON ROTH, Housing Specialist

I N D E X

P R O C E E D I N G S

MS. ROTH: Okay. I think we will go ahead and get started. My name is Shannon Roth. I am with the Texas Department of Housing. And I would like to let you know how I plan on getting tonight's hearing going.

I am going to give a little overview of the programs that the developer has applied for with the Department. And then I am going to let the developer representative Mr. Spicer give a little presentation about the developments and what they are going to be doing to them. Then I am going to read a speech that we are required to read into the record for the IRS.

And then I am going to open the floor up to any public comment that you guys wish to give. And then if you have any questions for Mr. Spicer, you can ask them at that time also.

I would like to point out that the Department does make it a priority to hold our public hearings in the evening. That way, people who work during the day can come and attend.

And also we like to hold them here within the neighborhood, so you have easy access to the hearing. We don't hold them in downtown Austin at 12:00 in the middle of the day. Okay.

Well, like I said, I am Shannon Roth. I am with the Texas Department of Housing and Community Affairs. We are here to discuss the properties of Grove Village and Pleasant Village Apartments. I am going to explain a couple of the programs that the developer has applied for.

First is the private activity bond program, and the other is the housing tax credit program. Both were created by the federal government to encourage private industry and private developers to build, acquire and rehabilitate affordable housing as well as own and manage it.

The first program is the private activity bond program, or also called tax-exempt bond. Sometimes that is a little confusing to people. The tax-exemption that they are referring to is to the bond purchaser. It is not to the development.

It is no way a property tax exemption. What it does is, it allows the bond purchaser to accept a lower rate of return on the bonds because they are not paying income tax on this investment. Which in turn allow the lender to charge a lower interest rate to the development. And then the developer can build a higher end product for a lower cost.

Also, there is the housing tax credit program, which is kind of like an instant shot of equity into the property. Which allows the developer to charge lower rents, which is good for the affordable tenants.

There is a 30 year compliance period, that the Department monitors through our Portfolio Management Division. They monitor for the income restrictions that are on the property. They monitor for the tenant occupancy, the physical appearance of the property, and they also do financial audits as well.

So I am going to go ahead and let the developer, Mr. Spicer go ahead and tell you a little bit about the two developments and what their plans are. And then we will go from there.

MR. SPICER: I am Jeff Spicer. I am with State Street Housing Advisors. I am a consultant to the developer here. I am local here in Dallas.

I know Eugene, have done a number of things with Eugene. And the two properties, really, we are looking to refinance the two properties using tax-exempt bonds and tax credits. And what we want to do is put approximately somewhere around $15,000 a unit in upgrades, inside and out, including upgrading management, security, interiors, landscaping and make it kind of -- give it a better eye to the community.

And in doing so, we want to attract or kind of keep away the tenants that we don't find desirable in the area that I am sure that some of the neighbors don't find desirable. And it is really -- that is pretty much all we are looking to do with this.

It is not to change -- we are not changing rents from where they are today. I saw the rents they have in here are not -- they are the program maximum rents. They are not the rents being charged at the property today. And I apologize, I don't have a handout of current rents.

Both properties have approximately 60 percent Section 8, project based Section 8 vouchers. And we anticipate continuing those Section 8 voucher contracts. But we were looking to do in upgrading the property is really to change the tenant profile, in upgrading the units and the tenants, and the property, upgrade to a little higher tenant profile, and manage the properties to be really a higher standard is what we would call, in who we have as our tenant base.

I think that is kind of what the neighborhood is looking for, is a higher standard in the tenant base that we have here. And I don't want to talk too much here, but if you have questions, I would be glad to answer questions. Go right ahead.

MS. ROTH: Please state your name for the record.

MR. THOMAS: Eugene Thomas. Pleasant Wood, Pleasant Grove CEDC Economic Development Corporation and also Chairman of Southeast Dallas Land Use Study. You and I, we know each over the years as we have done developments before.

No disrespect meant here, with what I am going to say. I think the developers of record should be here to talk to this community about what is being proposed. Number two, there should be some renderings and drawings as to what is really, they are proposing to do at this location.

We have a serious concern, as you know, about the developments here in this area. We support, I support affordable housing everywhere we go. So this is not to slam what is being done. She just want to have more information so we can intelligently have a conversation and dialogue about what is being proposed.

We have Spinks over here, which is new. We have Rosemont down here which is new. And we have also the old product, which is Grove Village, Oak Village, Antoinette, Cherokee -- these are all problem distressed properties for this community. We have had several deaths and several murders in these apartment complexes. We have drugs that are beyond comprehension over here.

So what we are trying to do. I know what you are trying to do is to upgrade the community. But we are going to have to have some type of comprehensive dialogue with this community, and work to has those things out as a partnership with you to make sure this works, because we had the same relationship with Space at Mordeaux [phonetic], and we had the same relationship with Rosemont. But they did not honor their agreements.

But the point I am trying to make is, they have problems already with drugs, and with prostitution. And these are tax credit properties. So we were supposedly involved, to keep those kind of things and elements out of our community and not on those properties, because they were class A properties.

And we know we they are going to do here is going to be a class thing. But if we don't have some type of plan, some buy in from this community to participate in this, this is not going to work. And we are going to have to have some way in this community to help this developer pull this off to be what it needs to be.

Now, I am not saying I am opposed to the project, but I think we need to have more dialogue, more conversation. Who are the owners of this property? You know those owners need to be here with renderings and drawings to show this community what is going to go there.

MR. SPICER: And I apologize for that, Eugene. Unfortunately, we had on TEFRA before this, where we only had a year ago where we had two people show up, and there wasn't any interest at the time. So we thought there was a similar -- unfortunately, we thought that there was a similar situation here.

And we had gotten the word out in the community. And we had spoken. And we would be glad to sit down with the community. And we can set up a community meeting just to discuss exactly what you are talking about, to where the developers can be here, and provide you renderings.

And we didn't think that this would be the right forum for that. But we certainly can do that. We would be glad to provide that.

MR. THOMAS: And I appreciate the response. But you know, I have been doing this for six or seven years now. Every committee meeting, or meeting we went to, we have always had the developer, and the residents to let these people know exactly what is going to happen. We don't know what exactly is going to happen here.

And I submit to you, that when I leave here tonight, I will be talking to the Chairman of CEDC, Reverend Johnson, and he is going to have the community and everybody to have a meeting before the next meeting, because I know you have got to be down there on the 30th of June. And also in July.

And I can tell you, if this is not favorably looked at, it is not going to be a happy day down in Austin, and I don't want that to happen, because I know what product is being offered here. But we must have some serious comprehensive dialogue as to what is really going to happen with this community, because we have a problem over here, and we want that problem correct. And building new apartments alone is not going to do that. It is just not going to do that.

And I know clearly this is going to take good management. And management is the key to any property development on any multifamily development, in order to succeed. And I know it is painful, because we have got to rent those units up to get the tax credits. But you have got to weed all those people out. And there is a lot of them.

You know, it is not an easy task. And I understand that. But I am not here to be slamming what you are doing. I want to make sure that is clear for the record. I am not here in a selfish way.

I am here really in a proactive way to find out what we can do to help assist this developer to make this what the people in this community want it to be. We can no longer allow developers to come in and not give an account and be accountable to this community. And that is our whole emphasis. That is why we organized to do what we do.

And that is why we got involved in it as something. I said it. You have my card. You have my e-mail. Now I report to the Chairman of the CEDC, Reverend Johnson. I told him that we had this conversation and that we need to have a meeting, you know. That we have it over here at the CEDC. Or we could have here, we could have it anywhere.

But we need to have this meeting. But we have problems. And we want them solved, but we want it done correctly. We want the information this community has, and the input it needs to have to make this a successful project.

We just don’t want it in here, just because it is new, because it can run down in five years, if we don't do it right.

MR. SPICER: Exactly.

MS. ROTH: Thank you very much for your comment. I am going to go ahead and read the speech now, for the record. And then when we are done, if any of you other folks would like to speak or make comment, please do.

Good evening. My name is Shannon Roth. I would like to proceed with the public hearing. Let the record show that it is 6:25 p.m., Wednesday, March 29, 2006. And we are at the Frederick Douglass Elementary School located at 226 North Jim Miller Road, Dallas, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The

Department’s board is scheduled to meet to consider this transaction on July 13, 2006.

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 June 30, 2006.

The bonds will be issued as tax-exempt multifamily revenue bonds in an aggregate principal amount not to exceed 13 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 Grove Village, L.P. and Pleasant Village, L.P., or a related person or affiliate thereof, and to finance a portion of the acquisition and rehabilitation of two multifamily rental housing communities described as follows. Grove Village Apartments will be a 232-unit multifamily residential rental development to be located on approximately 17.45 acres of land, located at approximately 7209 South Loop 12, Dallas County, Texas. And Pleasant Village Apartments will be a 200-unit multifamily residential rental development located at 378

North Jim Miller Road, Dallas County, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related persons or affiliates thereof. I would now like to open the floor for public comment. If any of you would like to speak?

(No response.)

MS. ROTH: No? I have one witness affirmation forms from Mr. Gene Thomas. He spoke already. Would you like to speak again?

MR. THOMAS: Yes. Let me just speak on one thing, just for the record.

MS. ROTH: Sure. Absolutely. Okay.

MR. THOMAS: I am not -- I want to make sure the record is clear that I am not here representing myself personally. I am here representing the Southeast Dallas Land Use Study, which is a comprehensive study that I chaired here. Ms. Davis knows which one that is.

We did that back in '96. And we came up with an assessment as to what was needed out here, and what we wanted to do and what we wanted to see. We wanted single-family housing and code enforcement. And we wanted to have better security in our community. We didn't -- we really were reluctant to get the apartments down on the end, but we signed off on them, because we needed new housing.

And we supported new housing, even though it was marked up, we needed new housing out here, because we hadn't had any. We need single-family housing now, is what we are shooting for.

So we are careful not to support any more multifamily developments, not unless we are for sure, and make sure that the community is protected from any further building that is being done in the community with drugs, gangs, et cetera. And I know these developments will address those issues, which is good, but we want to make sure that the community hears what those issues are, participate in that process, and so they can have a say, because we don't want anybody saying that we came out here -- and I didn't know. We want everybody to know as much as possible, so we can address those issues. So I just want to be on record saying that we are not saying we oppose it, but we are not comfortable with it, until we have further conversations as to what this developer is going to bring to this community and how is he going to manage this community with that new product, because if he upgrades and you have Oak Hollow and Cherokee that is still not upgraded -- so we just have to make sure how we address those issues. Thank you very much.

MS. ROTH: Sure. I am sorry, what CEDC?

MR. THOMAS: This is Pleasant Wood Pleasant Grove Community Economic Development Corporation. It is right across the street here.

MS. ROTH: Okay. I just wasn't catching the full name.

MR. THOMAS: That is all right. If you need to, just call me back or e-mail me.

MS. ROTH: Okay. Thank you. Okay. Thank you so much, sir.

MR. THOMAS: And I apologize. I have to go run another errand. But I want to make sure that I am on the record as saying that.

MS. ROTH: Okay. Absolutely. Have a good evening.

MR. THOMAS: Thank you.

MS. ROTH: Hi. Did you want to speak?

MS. CURLEY: Hi. I am Betty Curley, and I am with the ACORN organization. And also a member of the Shady Hills Community Crime Watch.

And my main concern is, I check support, but I am not going to support like Mr. Johnson said, if you are not going to come in and have some type of security and clean it out, because it is completely infested area. And there is some good in there, and there is some bad in there.

We need to make sure it is going to be mandated, and kept up and everything. And just bring them in, move them, or building them and remodeling them and everything, and then it will be in five years, just like it is now.

So my concern is that it doesn't increase high crime again, more drugs, more killings and everything. We need the type of security around here to protect and have children to where they can be outside to play and everything. So I support it if you are going to do that.

If you are going to have another meeting, bring the community in and give us enough warning that we can get people out door knocking and everything, because there is a lot of people that need to be here, to hear about this, so that they can speak their mind, and you can hear from more than just a few of us. I am glad to be here.

And I came because I wanted to know. And the letter didn't explain everything. And a lot of people probably got the letter, and paid it more attention. As I was coming in, there was people standing out there asking what is that meeting about? And we live in this area.

So there is a lot of people that got the letter, but it didn't explain anything. So they just probably threw the letter away. And I came out of curiosity because I wanted to know what was going on here in this neighborhood and everything.

So I think that we need to be more informed. We need to know exactly what the developer is going to do and everything. So we need another meeting.

And I know you are pressed for time. But you need to have a meeting and have diagrams and showing people what it is, because people need to hear it, and they need to see. And just coming to a meeting, that is why they are not here tonight.

MS. ROTH: Okay. Thank you. Could I ask you to fill out one of our forms before you leave tonight, so we have you on record.

MS. CURLEY: Oh, I am in the process of filling it out.

MS. ROTH: Oh, okay. Sure.

MS. CURLEY: Because I wanted to ask question and before I need to turn it in. I have it here in my hand.

MS. ROTH: Okay. Well, thank you. Okay great.

Thank you so much.

MS. SIMON: I didn't know about the meeting, because I have been going around today asking my neighbors, and they say what are you talking about. They didn't know about this meeting here tonight.

MS. ROTH: Okay. Would you also like to make any additional comment?

MS. SIMON: Uh-huh.

MS. ROTH: Did you want to make any additional comments for the record also, other than that comment? Well, I didn't know if I need -- if you could state your name for the record, and then you can go ahead, if you have any other --

MS. SIMON: Hello. My name is Johnnie Simon. And yes, I agree with --

MS. ROTH: Oh, you do have one already.

MS. SIMON: I will agree with him that before we have anything built, we need to do something about these drug infestation place, because the only thing they are going to do is just move from one apartment to the next and make it, and just become worse, just like it is now.

Just like a couple of weeks ago, they moved in. They put some people out down there at the Rosemont, because they had moved in and started trying to sell drugs there. So something else that needs to be addressed, and we need to do something before this.

MS. ROTH: Okay.

MS. SIMON: And everybody, I think, needs to come together and know what is going on.

MS. ROTH: Okay. Ma'am, did you want to speak also?

MS. DAVIDSON: I just really had one thing.

MS. ROTH: Would you please just state your name for the record?

MS. DAVIDSON: my name is Shirley Davidson, and I am the Chairperson of the Crime Watch of Pleasant Grove.

MS. ROTH: Okay.

MS. DAVIDSON: And I am also in the homeowners association. But my main concern, one of my concerns is, I didn't hear anybody address this, what will happen to the people that is living there now. Would those people be vacated, and then you build the units and get them back in there?

MS. ROTH: No, I do not believe so. Mr. Spicer, could you maybe address that issue?

MR. SPICER: No, we are not building new apartments. This is just -- we are just renovating ones that are existing. There will be no new apartments. It is just a renovation of what is currently existing there. It is an upgrade.

MS. DAVIDSON: But you will be renovating the complete complex.

MR. SPICER: Correct.

MS. DAVIDSON: Okay. My question was, what will happen to the people that live there now? Would you be doing like the front, and moving them up to the front? Or getting rid of --

MR. SPICER: Yes. We will be, as units are renovated, we will move people into the new renovated units.

MS. DAVIDSON: And you would still have the Section 8 program?

MR. SPICER: That is correct.

MS. ROTH: So if I am understanding correctly, no tenants will be relocated off of the property during the rehabilitation?

MR. SPICER: Correct.

MS. ROTH: They will all just be moved to -- okay. Does that answer your question, ma'am?

MS. DAVIDSON: Yes. That answered my question.

MS. ROTH: Okay. Sir, you came in a little bit late. Did you want to make some public comment this evening?

MR. STUBBLEFIELD: Yes. I was wanting to know what will you all do to guarantee to keep the drug out?

MS. ROTH: Can you also state your name for the record? I am sorry.

MR. STUBBLEFIELD: My name is Robert Stubblefield.

MS. ROTH: Okay.

MR. STUBBLEFIELD: My thing is, we went through this before. There has to be some type of guarantee. I mean, when the people move in, do they have jobs? Are do they go up and pay in cash and move in? We don’t want no cash people moved in there, because they might come and pay you cash for two months, three or four. It is drug money. So we need to make sure they have jobs, or some type of income, monthly income or weekly income, because the drugs moved in, and they have enough money to pay for six months.

Will you be accepting for that? Just because somebody comes to you and say, I want to pay for six months, will you take that at face value, and say okay. These are good renters, because they have got enough money.

MS. ROTH: With my understanding, and I have never worked on the property management side, but the tenants would still need to income qualify to reside in the units. And they would go through --

MR. SPICER: They do. Management a criminal background check on everyone.

MR. STUBBLEFIELD: Would you all put some type of vehicle in place to say okay, you moved in here with the right credentials, but here, you let your boyfriend move in, your brother, your cousins, and they don't have jobs. Can we have some type of vehicle to --

MR. SPICER: Yes. We have that. At that point in time, we evict.

MR. STUBBLEFIELD: Well, we need to do that up front.

MR. SPICER: Well, I understand.

MR. STUBBLEFIELD: Because that is what is happening to all the apartments out here. You have got to get a young lady with some babies, and you let them move in because they qualify for this low income stuff.

Then next week, she move her boyfriend in. And then the next thing, he moves a brother in, and they are selling drugs. And all of a sudden, those apartments are going to be drug infested, just like the one you have got down there now.

MR. SPICER: And at that point in time, we have to start the eviction process.

MR. STUBBLEFIELD: Well, why can't you have some type of application for the front. Say if this takes place, you are out.

MR. SPICER: They do have that.

MR. STUBBLEFIELD: Now this is what we are talking about. This is what you need to do.

MR. SPICER: We do have that in the lease. But we have to follow the State of Texas regulations and laws as well.

MR. STUBBLEFIELD: Well, the declaration of law don't cut it out here. That is what I am trying to tell you. What you are talking about is what is in place now. And the people that move in, and they sell. Everything is drug infested. But what you are talking about is not going to cut it.

MR. SPICER: I understand, sir. But I can't do something that is illegal, either. I have to --

MR. STUBBLEFIELD: Well, it is not going to be illegal. If you tell me when I move in, that if I move my drug selling brother in, I have got to move. That is not illegal.

MR. SPICER: That is on the lease. And if they do that, we evict people. That is correct.

MR. STUBBLEFIELD: Only this is what we are talking about. Otherwise, I can't go along with you, unless you put some type of vehicle in place to curb these drugs and the shootings and all this kind of stuff. We have already got that out here. We don't need no more.

MR. SPICER: I understand.

MS. ROTH: Mr. Spicer, could you maybe give the folks here an overview of what kind of security measures you are going to be putting in place on the properties. Are you going to have onsite --

MR. SPICER: We will have on both properties, there will be onsite security, security staff that will do through our maintenance staff we do periodic checks of every apartment that is in there, to make sure that just exactly what you are saying, that if you are not on the lease, you can't be living in that apartment.

And we will be enforcing that. But to some degree, we can only do what the law allows us to do. We can't --

MR. STUBBLEFIELD: And you are going to tell me the law won't allow you to say, you are selling drugs, get out. You can't -- that is not against the law.

MR. SPICER: The law will not allow you to do that immediately. I can't go in there and move somebody out. I have to follow the state's regulations and processes.

MR. STUBBLEFIELD: Well, the way you are talking, I just can't go along with it, because what you are saying, they are just going to bring some more drug dealers in here. And we have got plenty of those.

MR. SPICER: I understand, sir. We do not want to rent to those people. We don't want those people in the apartments.

MR. STUBBLEFIELD: Well, the way you are going, you are not going to know whether they are selling drugs or not, because you say well, periodically we will do a check. But you should do that with your contract. Say hey, if we catch the drugs in here, you are out.

MR. SPICER: That is in our contract. It is. That is in our lease. Any criminal violations, you are out. But I can't immediately throw you out. I still have to follow the state's process.

MR. STUBBLEFIELD: Well, how long are you talking about, if you catch me selling drugs, how long a time before you can throw me out.

MR. SPICER: I would have to -- I am not on the management end. I would have to ask our managers.

MR. STUBBLEFIELD: Are we talking about ten days? 40 days? 30 days?

MR. SPICER: It is less than 30 days.

MR. STUBBLEFIELD: I just don't see where that is against the law. Where you put somebody out that is selling drugs.

MR. SPICER: All I am saying is, we have to follow the state's laws.

MR. STUBBLEFIELD: I understand what you are saying, but I don't agree with it, because I don't think you are right. I think if you catch me, if you rent a house, and it is the same procedure. And if they catch me selling drugs in my house I own, they can take it from me, so you are going to tell me you can't kick somebody out of a rental property?

MR. SPICER: Well, they can take it from you eventually. But I am saying, we can do it, but we have to follow the process.

MR. STUBBLEFIELD: And where it takes six months, a year.

MR. SPICER: No, it is not going to take six months to a year. But I know that it is more than a day or two.

MS. ROTH: So I just want to maybe see if I understand. Basically, the tenant will sign a lease, and within the language of the lease, it will say you know, if you are caught doing obviously illegal criminal activities, then we will follow these steps, and you will be evicted.

But you do have to follow ABC. And of course, if they are doing something illegal and you know, the police are called, then they can obviously be arrested. Right. Something. Okay. Did anyone else --

MR. STUBBLEFIELD: One other thing. I am not finished with this. You all need to clear this up, because I know that if you are on welfare -- are you drawing welfare checks?

MS. ROTH: Me?

MR. STUBBLEFIELD: Well, everybody. If you come in there and find someone living there, they can evict you. So don't tell me you can't do that now.

MR. SPICER: We can evict people. And I am saying, we will evict people.

MS. ROTH: I think what he is saying is he is not a member --since he hasn't been doing the management onsite, that he may not be able to tell you exactly what the process would be. But I am sure if you would like, he could get you a copy of the lease.

MR. SPICER: Correct.

MS. ROTH: Or he could have someone from the management staff contact you, and they could outline exactly what the procedure would be.

MR. STUBBLEFIELD: Well, I would sure like to have that.

MS. ROTH: Absolutely. We can definitely. And from the sounds of what the folks have been saying tonight, you would all enjoy another more detailed meeting with the developer who unfortunately is not here tonight. And you would like to see some drawings, and maybe get a little bit more specifics. And it sounds like Mr. Spicer is very willing to do that. If you would like to set that up with them. Maybe get one person here --

MR. STUBBLEFIELD: And let the young lady understand, let us know when you have this thing, so we can get people out here.

MS. ROTH: Absolutely.

MR. STUBBLEFIELD: Because everybody, I don't know how many people get these letters. But people just don't get these letters. You know.

MS. ROTH: Right.

MR. STUBBLEFIELD: I get a letter from Russ

West. I get one from the Jones. But how many more people get them? And this doesn't -- if you want input from the community, this is not enough community.

MS. ROTH: Absolutely. Our Board welcomes input from the community. And like I said, if you would like, we have some cards up here. You folks are more than welcome to call us, fax us, e-mail us, whatever you like, and we will certainly be happy to respond to you.

It sounds like Mr. Spicer is very willing to have another public meeting with you, which is an excellent idea, to get some more information out to you. And you guys can maybe get some more of your neighbors here, and get involved in this.

MR. STUBBLEFIELD: Because this meeting is not exactly what I expected. I got a letter from Russ West and one from Jones. I expected those people to be here.

MS. ROTH: Right.

MR. STUBBLEFIELD: But they don't even have representatives here.

MS. ROTH: Unfortunately, that is beyond my control.

MR. STUBBLEFIELD: I mean, they don't even have representatives here. So I would like to call Russ' office. I would like to call Johnny's office and get this thing done right, but this is not right.

MS. ROTH: Absolutely. Would anybody else would like to make a comment tonight before we close the meeting? If you could just state your name again, please ma'am.

MS. CURLEY: Betty Curley again. I am just saying, I think you got what we are talking about, because the meeting wasn't very informative. You gave us an idea. But we need more information.

MS. ROTH: Sure.

MS. CURLEY: And we need enough time so that we can get people out. And also, Royce West and Jones should have representatives here, since they are sending the letters out and everything. So I think we need more representation next time.

MR. SPICER: We try to inform all the public officials and let them know, so that they can inform their constituents of the meetings. And we have certainly done that.

MS. CURLEY: I understand. But you know, see, in his letter, the Jones letter, like I said, it didn't tell you nothing much. And you don't have any idea of what this meeting really is about.

MR. SPICER: I don't know what he sent out. I only know what he said and did.

MS. CURLEY: He just told me about partly what she read. It didn't tell a whole lot.

MR. STUBBLEFIELD: If you all really want input from the community, you are going to have another meeting so we can -- so we can have a meeting. So we can fill up this place.

MR. SPICER: Yes. We did a similar meeting a year ago here.

MR. STUBBLEFIELD: Uh-huh.

MR. SPICER: We did a similar meeting a year ago here, and we only had three people show up.

MR. STUBBLEFIELD: Well that is what I am saying. You probably did just like you did this night.

MR. SPICER: Yes.

MR. STUBBLEFIELD: They sent out letters. People don't get letters.

MR. SPICER: I don't know why. I just -- we sent them to the public officials.

MR. STUBBLEFIELD: Well, are you not for having another meeting.

MR. SPICER: I am definitely for having another meeting.

MR. STUBBLEFIELD: Good. Now that settled that.

MS. ROTH: And we at the Department do also. We send out notifications to the elected officials for the area, letting them know we are having this meeting as our way of letting them know we will be here to take comment. I am sorry no one is here tonight.

MR. STUBBLEFIELD: Well, will you send them another letter and tell them we were not happy with the meeting.

MS. ROTH: I will let my boss know that. And she can definitely contact them. If anybody who spoke, if you did not fill out one of these forms, I would really appreciate it if you would.

And like I said, the Department welcomes your comment and so does our Board. They will get a copy of this transcript, so every comment that was made here tonight, they will read. And believe me, our chairperson reads it.

Also my card, and my boss's card is up here. Please feel free to call us, e-mail us, write us, fax us, whatever is easiest for you. We would be more than happy to respond to you, send you whatever information we have available. And it sounds like Mr. Spicer and the developer are more than willing to have another meeting with you.

So if that is everyone’s comments, we are going to go ahead. It is 6:45. And we are going to go ahead and adjourn the meeting. Thank you very much for attending and you all have a good evening.

(Whereupon, the public hearing was concluded.)

C E R T I F I C A T E

IN RE: Grove Village & Pleasant Village Apartments

LOCATION: Dallas, Texas

DATE: March 29, 2006

I do hereby certify that the foregoing pages, numbers 1 through 35, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Judy Farnsworth before the Texas Department of Housing & Community Affairs.

04/04/2006
(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

2006 Private Activity Multifamily Housing Revenue Bonds

Center Ridge Apartments
700 West Center Street
Duncanville, Texas

Summit Center Ridge Apartments, Ltd.
224 Units
Priority 3
$8,500,000Tax Exempt – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of a resolution for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the acquisition and rehabilitation of the Center Ridge Apartments.

Requested Action

Approve, Deny or Approve with Amendments the staff recommendation for the Center Ridge Apartments.

Summary of the Center Ridge Apartments Transaction

The pre-application was received on April 3, 2006. The application was scored and ranked by staff. The application was induced at the May 4, 2006 Board meeting and submitted to the Texas Bond Review Board for addition to the 2006 Waiting List. The application received a Reservation of Allocation on May 25, 2006. This application was submitted under the Priority 3 category. At least 75% of the units will serve families at 80% or below the Area Median Family Income. There was one person in attendance at the public hearing and no one spoke for the record. The person in attendance was the Assistant Superintendent of Duncanville ISD who wanted to know whether this was going to be a Section 8 property and if there were any Section 8 properties in the area. A copy of the transcript is located in this presentation. The proposed site is located in the Duncanville Independent School District.

This application was prepared for presentation to the Board at the July 28, 2006 meeting however due to an administrative error in posting the board materials to the Department's website staff could not present the application to the Board. Due to the Department's error in the web posting, the bonds could not be closed by August 31, 2006. Subsequently, the applicant was required to pay an additional $17,500 to hold the property in trust until the closing of the bonds. Staff is requesting the Board's approval to waive $17,500 of the Department's bond origination fee of $42,500 to reimburse the applicant for the Department's error in posting the board materials.

The Center Ridge Apartments proposed acquisition and rehabilitation will be located at 700 West Center Street, Duncanville, Dallas County. Demographics for the census tract (165.18) AMFI of $57,648; the total population is 4,746; the percent of the population that is minority is 38.16%; the number of owner occupied units is 1,105; number of renter occupied units is 622; and the number of vacant units is 46. (Census Information from FFIEC Geocoding for 2006)

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 $8,500,000. 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 Greystone Servicing Corporation. 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 amortized over 30 years. The construction and lease up period will be for twenty-four months plus one 6 month optional extension with payment terms of interest only, followed by a 30 year term and amortization.

Recommendation

1) Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Center Ridge Apartments development because of the demonstrated quality of rehabilitation for the proposed development, the financial feasibility of the development (as demonstrated by the financial commitments from Greystone Servicing Corporation, Fannie Mae, Boston Capital and the underwriting report by the Department's Real Estate Analysis division), the tenant and supportive services provided by the development and the demand for affordable units as demonstrated by the market area.

2) Staff recommends waiving $17,500 of the Department's bond origination fees due to the Department's error in posting the board materials to the Department's website.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT:	Center Ridge Apartments, Duncanville, Dallas County
PROGRAM:	Texas Department of Housing & Community Affairs 2006 Private-Activity Multifamily Revenue Bonds (Reservation received 5/25/2006)
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. (*The Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*
PURPOSE:	The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Summit Center Ridge Apartments, Ltd., an Alabama limited partnership (the "Borrower"), to finance the acquisition, rehabilitation, equipping and long-term financing of a 224-unit multifamily residential rental development to be located at 700 West Center Street**,** Dallas County (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.
BOND AMOUNT:	$8,500,000 Series 2006 Tax Exempt bonds (*) $8,500,000 Total bonds (*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.
ANTICIPATED CLOSING DATE:	The Department received a volume cap allocation for the Bonds on May 25, 2006, pursuant to the Texas Bond Review Board's 2006 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before October 22, 2006, the anticipated closing date is September 19, 2006.
BORROWER:	Summit Center Ridge Apartments, Ltd. an Alabama limited partnership, the general partner of which is Summit America Properties XXVIII, Inc., the managing member is W. Daniel Hughes, Jr, with 100% ownership. Boston Capital or an affiliate thereof will be providing the equity for the transaction by purchasing

** Preliminary - Represents Maximum Amount*

a 99.99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on June 26, 2006 reveals that the principals of the general partner above have two properties that will be monitored by the Department.

ISSUANCE TEAM: Greystone Servicing Corporation, Inc. (FNMA DUS Lender/Servicer)
Boston Capital (Equity Provider)
Fannie Mae (Credit Facility Provider)
Merchant Capital, LLC (Underwriter)
JPMorgan Chase Bank, National Association (Trustee)
Vinson & Elkins L.L.P. (Bond Counsel)
RBC Capital Markets (Financial Advisor)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER: The Bonds will be publicly offered for sale on or about September 19, 2006 at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION: The Development is a 224 unit apartment community to be acquired and rehabilitated located at 700 West Center Street, Duncanville, Dallas County. The rehabilitation will consist of rebuilding and surfacing the parking lot, replacing the siding, and installing new windows. There will be a new community and general amenities to the inside of the property. In addition, new surveillance cameras will be installed.

Units	Unit Type	Sq Ft	Proposed	AMFI
31	1-Bed/1-Bath	669	$535.00	60%
1	1-Bed/1-Bath	669	$535.00	Mkt.
106	2-Bed/2-Bath	912	$670.00	60%
6	2-Bed/2-Bath	912	$670.00	Mkt.
76	3-Bed/2-Baths	1,104	$750.00	60%
4	3-Bed/2-Baths	1,104	$750.00	Mkt.
224	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.

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)
$42,500 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

$8,500 Bond Administration (0.10% of first year bond amount)
$8,960 Compliance ($40/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:

$5,600 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 $324,532 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 $3,196,323 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, and the permanent phase, 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

Greystone Servicing Corporation. If Conversion does not occur and Greystone 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 6.05%. 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 April 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 lockout date set forth 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 Development 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 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 rehabilitation and 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 and to the redemption of Bonds.

3. Costs of Issuance Fund – Consists of a Cost of Issuance Deposit Account and a Cost of Issuance 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.

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 most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

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 June 2006.

3. Financial Advisor - RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 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 June 2006.

5. Disclosure Counsel – McCall, Parkhurst & Horton, L.P.P. was selected to serve as the Department's disclosure counsel in September 2005.

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. 06-029

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (CENTER RIDGE APARTMENTS) SERIES 2006; 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 (Center Ridge Apartments) Series 2006 (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; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Summit Center Ridge 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 May 4, 2006, 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 Credit Enhancement Instrument (Standby) 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, L.L.C. (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 for approval, the Comptroller of Public Accounts of the State 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 6.0% 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 $8,500,000; (iii) the final maturity of the Bonds shall occur not later than May 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. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, 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 Merchant Capital, L.L.C.

Section 2.8—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 2.9--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 30th day of August, 2006.

[SEAL]

By: /s/ Elizabeth Anderson______________________
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby_______________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Summit Center Ridge Apartments, Ltd., an Alabama limited partnership

Development: The Development is a 224-unit multifamily facility to be known as Center Ridge Apartments and located at 700 West Center Street, Duncanville, Dallas County, Texas. It will consist of 28 two-story residential apartment buildings with approximately 211,536 net rentable square feet and an average unit size of approximately 944 square feet. The unit mix will consist of:

32	one-bedroom/one-bath units
112	two-bedroom/two-bath units
80	three-bedroom/two-bath units
224	Total Units

Unit sizes will range from approximately 669 square feet to approximately 1,104 square feet.

Common areas are expected to include two laundry facilities, a swimming pool and a sports court. All units are expected to have central heating and air conditioning, carpeting and vinyl tile, miniblinds, a dishwasher, a range and oven. The three-bedroom/two-bath units are expected to have washer/dryer connections.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION
August 30, 2006
Development Information, Public Input and Board Summary
Center Ridge Apartments, TDHCA Number 060616

BASIC DEVELOPMENT INFORMATION

Site Address:	700 West Center Street			Development #:	060616
City:	Duncanville	Region:	3	Population Served:	Family
County:	Dallas	Zip Code:	75116	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	ACQ/R
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:	Summit Center Ridge Apartments, Ltd.	
Owner Contact and Phone	Hunter McKenzie	(334) 954-4458
Developer:	Summit Asset Management, L.L.C.	
Housing General Contractor:	Penco Construction Company	
Architect:	Brown Chambless Architects	
Market Analyst:	Novogradac & Company	
Syndicator:	Boston Capital Corporation	
Supportive Services:	N/A	
Consultant:	N/A	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	213	0	32	112	80	0	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	213
Market Rate Units:	11
Owner/Employee Units:	0
Total Development Units:	224
Total Development Cost:	$12,007,946
Number of Residential Buildings:	28
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$324,532	$324,532	0	0	0.00%
TDHCA Bond Allocation Amount:	$8,380,000	$8,380,000	30	18	6.50%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Center Ridge Apartments, TDHCA Number 060616

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: West, District 23 NC

US Representative: Marchant, District 24, NC

TX Representative: Davis, District 111 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: David Green, Mayor, City of Duncanville - NC

Resolution of Support from Local Government ☐

Steven C. Miller, Assistant Director of Public Works, City of Duncanville - The City of Duncanville does not have a consolidated plan or a comprehensive plan. The City works solely off of our zoning map and zoning ordinance, of which this property is in compliance.

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

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 1
Number that spoke: 1
Number in support: 0
Number in opposition: 0
Number Neutral: 1

CONDITIONS OF COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

1. Receipt, review, and acceptance of organizational chart indicating all members and percentage of ownership of each member for WDH Holdings, LLC and Company Partners II, LLC, prior to closing.

2. Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations, particularly including those pertaining to asbestos and groundwater impact of the neighboring dry cleaners, have been carried out prior to cost certification.

3. Receipt, review, and acceptance of a relocation plan and budget prior to closing.

4. Receipt, review, and acceptance of a letter addendum by the ESA provider addressing the need or lack thereof of a noise study for the property.

5. Receipt, review, and acceptance of revised market study information from the Market Analyst regarding the market rent conclusions for similarly restricted property and confirmation of supply and inclusive capture rate calculations within the Department's guidelines prior to Board approval.

6. Receipt, review, and acceptance of clarification of the utility pass through structure and affect on tenant paid utility and collectible rent prior to Board approval.

2. 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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Center Ridge Apartments, TDHCA Number 060616

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

4% Housing Tax Credits: Credit Amount: $324,532

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed the revised requested amount of $324,532 annually for ten years, subject to conditions.

TDHCA Bond Issuance: Bond Amount: $8,380,000

Recommendation: Recemmend Approval of issuance of $8,380,000 in Tax Exempt Mortgage Revenue Bonds with a fixed/variable interest rate of 6.05% and repayment term of 18 years with a 30 year amortization period, subject to conditions.

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

Center Ridge Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 8,380,000
Tax Credit Proceeds	3,196,319
Deferred Developer's Fee	440,723
Interest Income	5,765
Total Sources	$ 12,022,807

Uses of Funds	
Acquisition and Site Work Costs	$ 6,798,000
Direct Hard Construction Costs	2,688,000
Other Construction Costs (General Require, Overhead, Profit)	215,040
Indirect Construction Costs	93,138
Developer Fees and Overhead	1,185,216
Direct Bond Related	287,935
Bond Purchase Costs	510,320
Other Transaction Costs	135,845
Real Estate Closing Costs	109,313
Total Uses	$ 12,022,807

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 41,900
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	16,760
TDHCA Bond Compliance Fee ($40 per unit)	8,960
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	8,690
Trustee's Counsel (Note 1)	4,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,125
DTC, CUSIP, Misc	65,000
Total Direct Bond Related	$ 287,935

Center Ridge Apartments

Bond Purchase Costs		
LOC Lender		167,600
LOC Counsel		22,000
Permanent Lender		91,800
Permanent Lender Counsel		38,000
Fannie Mae Counsel		32,000
Rating Agency		13,500
Underwriter		75,420
Underwriter Counsel		30,000
Developer Counsel		30,000
Developer Local Counsel		10,000
Total Bond Purchase Costs	$	510,320
Other Transaction Costs		
Tax Credit Application and Determination Fees (if paid at closing)		22,947
Operating Reserves		112,898
Total Other Transaction Costs	$	135,845
Real Estate Closing Costs		
Title Insurance		83,800
Surveying		5,413
Construction Inspection Fees		15,100
Recording & Transfer		5,000
Total Real Estate Costs	$	109,313
Estimated Total Costs of Issuance	$	1,043,413

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 21, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060616

DEVELOPMENT NAME

Center Ridge Apartments

APPLICANT

Name:	Summit Center Ridge Apartments, Ltd	**Contact:**	Hunter McKinzie
Address:	105 Tallapoosa Street, Suite 300		
City	Montgomery	**State:**	Alabama **Zip:**
Phone:	(334) 954-4458 **Fax:** (334) 954-4496	**Email:**	hmckenzie@summitamerica.com

KEY PARTICIPANTS

Name:	Summit America Properties XXVIII, Inc	**Title:**	0.01% Managing General Partner (MGP)
Name:	Summit America Properties, Inc (SAP, Inc)	**Title:**	100% principal of MGP
Name:	Realty Partners, LLC (RP, LLC)	**Title:**	100% principal of SAP, Inc
Name:	WDH Holdings, LLC	**Title:**	78% principal of RP, LLC
Name:	Company Partners II, LLC	**Title:**	5% principal of RP, LLC
Name:	Bridget Hammett	**Title:**	3.5% principal of RP, LLC
Name:	Scott Crossfield	**Title:**	3.5% principal of RP, LLC
Name:	Josh Mandell	**Title:**	2.5% principal of RP, LLC
Name:	Andrea Jordan	**Title:**	2.5% principal of RP, LLC
Name:	Randal Brown	**Title:**	2.5% principal of RP, LLC
Name:	Jon Killough	**Title:**	2.5% principal of RP, LLC
Name:	Summit Asset Management, LLC	**Title:**	Developer
Name:	Summit Construction, LLC	**Title:**	Development Consultant
Name:	W. Daniel Houghs, Jr.	**Title:**	Managing Member of WDH Holdings, LLC

PROPERTY LOCATION

Location:	700 West Center Street		
City:	Duncanville	**Zip:**	75116
County:	Dallas	**Region:**	3 ☐ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$324,532	N/A	N/A	N/A
MRB (Tax-Exempt)	$8,380,000	6.05%	30 yrs	18 yrs

Proposed Use of Funds:	Acquisition/rehab	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $8,380,000 IN TAX-EXEMPT MORTGAGE

REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.05% 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 $324,532 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of organizational chart indicating all members and percentage ownership of each member for WDH Holdings, LLC and Company Partners II, LLC, prior to closing;
2. Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations, particularly including those pertaining to asbestos and groundwater impact of the neighboring dry cleaners, have been carried out prior to cost certification;
3. Receipt, review and acceptance of a relocation plan and budget prior to closing;
4. Receipt, review and acceptance of a letter addendum by the ESA provider addressing the need or lack thereof of a noise study for the property;
5. Receipt, review and acceptance of revised market study information from the Market Analyst regarding the market rent conclusions for similarly restricted property and confirmation of supply and inclusive capture rate calculations within the Department's guidelines prior to Board approval;
6. Receipt, review and acceptance of clarification of the utility pass through structure and affect on tenant paid utility and collectible rent prior to Board approval; and
7. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 224 **# Res Bldgs** 28 **# Non-Res Bldgs** 1 **Age:** 28 yrs **Vacant:** 96 at 04/03/2006

Net Rentable SF: 211,872 **Av Un SF:** 946 **Common Area SF:** 3,670 **Gross Bldg SF:** 215,542

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures are constructed on a concrete slab sub floor. According to the plans provided in the application the exterior will be 15% siding/shingle and 85% masonry veneer. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a self-cleaning oven and laundry connections.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a community laundry room, full perimeter fencing, a furnished community room, a swimming pool, and a basketball court.

Uncovered Parking: 440 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Center Ridge Apartments is an 18.2 unit per acre acquisition and rehabilitation development located Southwest of central Dallas. The development was built in 1978 and is comprised of 28 evenly distributed residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
4	2	8	0	0
14	2	0	8	0
10	2	0	0	8

The development includes a 3,670-square foot community building including a laundry room.

Development Plan: The buildings are currently 57% occupied. The property condition assessment prepared by Real Estate Advisory, LLC and dated May 12, 2006 indicates:

- Repair overlay over existing parking ($175,000)
- Repair damaged brick pilasters at entrance drive gates
- Repair landscaping items, trim trees, repair retaining walls, repair sprinkler systems ($80,000)
- Repair damaged concrete sidewalks ($5,000)
- Install surveillance system ($50,000)
- Replace site light poles around leasing office (2,500).
- Replace entrance sign and flag poles. Provide new building signs and apartment numbers ($15,000)
- Provide security gates at entrance drives ($60,000)
- Repair basketball court fencing, remove existing poles/stanchions, provide new basketball goals ($10,000)
- Provide playground ($25,000)
- Replace existing picnic table near office ($500)
- Refurbish mailbox kiosk ($8,500)
- Provide new metal drainage inlet grates as-needed ($1,050)
- Replace asphalt shingle roofing at all buildings and repair isolated damaged wood decking and framing as-needed ($261,550)
- Repair exterior components (Vinyl siding to be installed over most existing siding - $262,600)
- Repair any damaged brick ($5,000)
- Renovate community room ($10,000 allowance)
- Rework wooden support posts for upper balconies ($8,000)
- Replace wood 4x4 support columns at stair balconies ($11,200) • Provide new gutters and downspouts with new splash blocks. ($60,000)
- Repair wood trim and paint exterior components ($75,000)
- Replace windows at all units ($268,000)
- Repair stair treads, landings and handrails at existing stairs (70,000)
- Replace exterior building lights ($22,400)
- Provide access improvements from parking lot to buildings for handicapped units ($10,000)
- Required asbestos testing ($10,000)
- Foundation repair needed at building #4 ($15,000)
- Treat termites at building perimeters (31,900)
- Replace kitchen cabinets and counter tops at 107 units ($214,000)
- Replace vanity cabinets and counter tops at 121 units ($72,600)
- Replace carpet and vinyl flooring in 91 units ($109,200)
- Provide 18 new ranges ($6,840)
- Provide 16 new range hoods ($1,760)
- Provide new range queens at all units ($11,200)
- Provide 18 new refrigerators ($8,100)
- Provide 16 new dishwashers ($6,800)
- Replace 84 split HVAC systems ($168,000)
- Install new GFI outlets in all kitchens and bathrooms ($44,800)
- Retrofit 5% of units for accessibility compliance 2% of total to be seeing/hearing impaired ($96,000)
- Repair washer/dryer connection and replace water damaged sheet rock at unit #115 ($1,000)

A relocation plan for existing tenants was not provided and the submitted development cost schedule does not include a line item cost for relocation. Receipt of such a plan is a condition of this report.

SITE ISSUES

SITE DESCRIPTION

Total Size:	12.3 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	"A" Apartment	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a irregular plot of land located approximately ten miles Southwest of down town Dallas with access to Cedar Ridge Drive.

Adjacent Land Uses:

- **North:** West Center Street followed by Parkwood Plaza Apartments and Westwood Townhouses

- **South:** The Village retail shopping center
- **East:** Single-family residences and William Lee Hastings Elementary School
- **West:** Miscellaneous office buildings including a dentist office, dermatologist office, daycare center, and hair salons

Site Access: Access to the neighborhood is available from Cedar Ridge Drive. Cedar Ridge Drive is a four lane commercial corridor, which traverses north/south along the western boundary of the neighborhood and provides access to Interstate 20. Interstate 20 is located approximately 1.3 miles north of the Subject. Interstate 20 traverses east/west and provides access to Fort Worth, Texas approximately 25 miles to the west.

Public Transportation: Public Transportation is not currently available in Duncanville.

Shopping & Services: The Subject is located in close proximity to services including area retail, medical facilities, and education. Examples of such services are Wal-Mart, Target, CVS Pharmacy, and The Cedar's Hospital.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 06/21/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment (ESA) report dated May 12, 2006 was prepared by REA and contained the following findings and recommendations:

Findings:

- **Noise:** A recommendation on the need for a noise study was not addressed in the submitted ESA.
- **Floodplain:** According to the Federal Emergency Management Agency (FEMA) flood insurance rate map, (Community Number 48113C, Panel 0470J, dated August 23, 2001), the Property lies in Zone X unshaded, an area outside the 100-year flood plain. Property management reported no knowledge of prior flooding occurrences at the site.
- **Asbestos-Containing Materials (ACM):** Floor tile samples tested positive for asbestos-containing building materials (ACBM) at the Property. These materials were in good condition and are not considered friable. REA recommends an Asbestos Operations and Maintenance Program for maintaining these materials in-place. 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. An EPA survey, which is more detailed than the screening performed by this assessment, is designed to identify all asbestos-containing materials within a structure. This is performed in order to determine if such materials, if present, require removal prior to demolition or renovation.
- **Lead-Based Paint (LBP):** Sampling conducted by REA did not identify LBP at the Property. Therefore, REA considers the potential for significant applications of LBP at the Property to be unlikely.
- **Lead in Drinking Water:** Domestic water at the Property is provided via underground piping by the City of Duncanville. No use of ground water is made at the Property. No evidence of ground water recovery was found on or proximate to the Property. No on-site wells were reported or noted.
- **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.
- **Other:** The proximate dry cleaner (Blue Ribbon Cleaners) located upgradient and northwest of the Property has the potential for impact to groundwater.

Recommendations: With the tasks included in a Phase I Environmental Assessment, 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 except for the following: The proximate dry cleaner (Blue Ribbon Cleaners) located upgradient and northwest of the Property has the potential for impact to groundwater. (Page V)

Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321). Two-hundred and thirteen of the units (95% of the total) will be reserved for low-income tenants earning 60% or less of AMI, and the remaining 11 units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$27,960	$31,920	$35,940	$39,900	$43,080	$46,260

MARKET HIGHLIGHTS

A market feasibility study dated February 7, 2006, was prepared by Novagradac and Company and included the following findings:

Secondary Market Information: "The Subject's Secondary Market Area (SMA) is defined as the Dallas-Fort Worth-Arlington MSA" (p. 11).

Definition of Primary Market Area (PMA): "Demographic data has been obtained from ESRI Business Information Solutions, a national proprietary data provider. The Subject's PMA boundaries are defined as: North: Interstate 20, South: Highway 1382, West: Highway 1382, East: Interstate 35E" (p. 11). This area encompasses approximately 40 square miles and is equivalent to a circle with a radius of 3.5 miles.

Population: The estimated 2006 population was 95,570 and is expected to increase by 10% to approximately 105,360 by 2011. Within the primary market area there were estimated to be 33,684 households in 2006.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 98.3% (p. 73). The Analyst's income band of $21,223 to $43,080 (p. 71) results in an income eligible adjustment rate of 22.5% (p. 73). The tenure appropriate adjustment rate of 30.6% is specific to the general population (p. 27). The Market Analyst indicates a turnover rate of 25% applies based on market research (p. 36).

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	43	6.8%	72	7%
Resident Turnover	590	93.2%	929	93%
TOTAL DEMAND	**633**	**100%**	**1,001**	**100%**

p. 75

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 33.7% based upon 633 units of demand and 213 unstabilized affordable housing in the PMA (including the subject) (p. 75). The Underwriter calculated an inclusive capture rate of 21% based upon a revised demand estimate for 1,052 affordable units. However, if the 204 units at West Virginia Apartments (TDHCA #03401) are considered unstabilized, the capture rate increases to 42%. Developments targeting families and not characterized as rural must have an inclusive capture rate below 25%.

The subject development is only 60% occupied, and a relocation plan for existing tenants was not provided. Therefore, an inclusive capture rate calculation is a meaningful tool for determining the feasibility of the subject development. Receipt, review and acceptance of confirmation by the Market Analyst of the stabilization status of West Virginia Apartments and of the capture rate meeting the Department's guidelines is a condition of this report.

Unit Mix Conclusion: "The PMA in particular has a large household size relative to the national average, which bodes well for the Subject's unit mix, which includes three-bedroom units" (p. 81).

Market Rent Comparables: The Market Analyst surveyed 12 comparable apartment projects totaling 924 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market***	**Differential**
1-Bedroom (60%)	$535	$646	-$111	$615	-$80
1-Bedroom (MR)	$535	N/A		$615	-$80
2-Bedroom (60%)	$670	$757	-$87	$740	-$70
2-Bedroom (MR)	$670	N/A		$740	-$70
3-Bedroom (60%)	$750	$863	-$113	$875	-$125
3-Bedroom (MR)	$750	N/A		$888	-$138

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

*The Market Analyst did not conclude a market rent for similarly restricted units but provided a chart that suggested a bifurcated market for tax credit units which are on average achieving less rent than the concluded market rents. Receipt, review and acceptance of a HUD comparability matrix for each tax credit unit type confirming this conclusion from the Market Analyst is a condition of this report.

Primary Market Occupancy Rates: "Occupancy rates reported in the market ranged from 87.6 to 100.0 percent, with an average occupancy rate of 97.6 percent. Cedar Glen reported the lowest occupancy rate of 87.6 percent. According to management a typical occupancy rate is 90 to 92 percent; however, management could not specify why occupancy is currently lower than normal. Occupancy rates among the LIHTC comparables ranged from 96.1 percent to 100.0 percent. The overall occupancy rate of 97.6 percent is considered stabilized. Furthermore, Cedar Glen is the only comparable property with an occupancy rate below 95 percent occupancy; therefore, we believe the occupancy at Cedar Glen may be management related rather than market related" (p. 82).

Absorption Projections: "We estimate the Subject will reach a stabilized occupancy within ten to twelve months of the development's completion. This equates to an absorption pace of 18 to 22 units per month. According to the developer, existing tenants that are income qualified will be retained" (p. 82).

Unstabilized, Under Construction, and Planned Development: "Hickory Manor is the most recently constructed LIHTC property located in the Subject's PMA. This property consists of 190 one and two-bedroom units restricted to senior households earning 30 and 60 percent of the AMI or less. The property began leasing their units in December 2004 and as of the date of this report the property was 85.3 percent occupied. We also contacted the City Planner for the city of Duncanville to obtain information about other multifamily projects either proposed or under construction within the Subject's PMA. According to Steve Miller, Assistant Director of Public Works, there is one proposed mixed use development that will be located at the intersection of Highway 67 and Main Street. The proposed project consists of multifamily and retail offices. According to Mr. Miller this project is in the preliminary stages of planning and plans include approximately 246 one and two-bedroom luxury units; construction is scheduled to begin in approximately three months. However, no final plans have been approved; therefore, the construction start date and number of units may change. This property will not be directly competitive with the Subject as a market rate luxury development" (p. 29).
West Virginia Apartments (TDHCA #03401) received a tax credit and multifamily bond allocation in 2003. The development offers 204 units targeting families with income at or below 60% of AMGI but restricted rents not to exceed 50%. The Market Analyst did not confirm if the development can be characterized as stabilized as defined by the Department.
"There are no proposed LIHTC properties under construction in the market area" (p. 83).

Market Impact: "The Subject's development will not hinder the existing multifamily properties' ability to maintain stabilized occupancy" (p. 83).

Market Study Analysis/Conclusions: With the exception of the concluded capture rate and restricted market rent, the Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of 06/01/2005 maintained by U.S. Department of Housing and Urban Development from the 2006 program gross rent limits. The units will not be equipped with individual meters for water/sewer and natural gas use. However, the Applicant plans to require a 50% reimbursement from the tenants for certain utility costs. As a result, the potential gross rent reflects the Program gross rent limit less utility allowances for electric, natural gas water heating and water/sewer. It is not clear how the monthly charge for natural gas and water/sewer will be calculated. Receipt, review and acceptance of clarification of the pass through rent structures is a condition of this report.

The Applicant has included $7 per unit per month in utility reimbursement income. However, the projected cost of natural gas for water heating and water/sewer indicates $24 per unit per month will be charged to tenants. Overall the Underwriter has used the Applicant's proposed rents based on information in the market study suggesting that the effective restricted rent for 60% units is less than either the market rent or the maximum tax credit rent. This appears to be due to the existence of at least one new development that serves up to 60% tenants but is restricted to 50% rents. Should the additional information provided by the Market Analyst not confirm this conclusion, a significant increase in the achievable rent may be evident and reduce the need for tax credits.

The Application included 7% vacancy which is less than typical and may not be indicative of the market given the current vacancy at the property.

The Underwriter's estimated effective gross rent is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $4,461 per unit is not within 5% of the Underwriter's estimate of $4,866, derived from actual operating history of the development, the TDHCA database, and third-party data sources. In particular, the Applicant's estimates for general and administrative are $35K lower; repairs and maintenance are $44K lower and the Applicant did not include a full $40 per unit compliance fee.

Conclusion: The Applicant's gross income is within 5% of the Underwriter's estimate however, expenses and net income are more than 5% different from the Underwriter's estimate. Therefore the Underwriter's NOI is used to determine debt service. The proforma and estimated debt service result in a debt coverage ratio (DCR) within the current underwriting minimum guideline of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 12.29 acres	$1,200,000	**Date of Valuation:**	02/07/2006
Existing Building(s): "as is"	$5,300,000	**Date of Valuation:**	02/07/2006
Total Development: "as is"	$6,500,000	**Date of Valuation:**	02/07/2006

Appraiser: John Cole **Firm:** Novogradac & Company **City:** Kansas

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Novogradac & Company LLP. and dated 2/07/2006. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the income approach. Four land sales dating from 2002 to 2003 for 20.77 to 25.85 were used to determine the underlying value of the land. As a result, the value attributed to the existing buildings is 5,300,000 or 82% of the total appraised value of the property. The appraised current "as-is" value matches the sales price represented in the Purchase Option.

ASSESSED VALUE

Land: 12.2952 acres	$669,470	**Assessment for the Year of:**	2006
Building:	$4,751,330	**Valuation by:**	Dallas Central Appraisal District
Total Assessed Value:	$5,420,800	**Tax Rate:**	3.1388

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Agreement		
Contract Expiration:	6/30/2006 and two 30-day extensions	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$6,500,000	**Other:**	
Seller:	Center Ridge Apartments, Ltd	**Related to Development Team?**	☐ Yes ☒ No

Other Information: Center Ridge was once owned by Grand Court Lifestyles, Inc (GCLI), a corporation that declared bankruptcy in March 2000. GCL Holdings, LLC was formed to execute the sale of the multifamily assets of GCLI. Center Ridge has been subject to prior purchase contracts that were not completed. One of these contracts was executed by Volunteers of America, Texas (VOATX) in 2005. VOATX assumed management of the property anticipating the purchase of the property. Within weeks of VOATX taking over management, the financial status and operating level of the property deteriorated. GCL determined that it was not able to advance further funds, and the mortgage loan went into default. Summit Asset Management has entered into a purchase and sale contract, which is part of a Forbearance Agreement with the mortgage lender.

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $6,500,000 is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant included $5,400,000 in acquisition cost for the buildings; this is higher than the Underwriter's estimate of $5,300,000 based on the appraisal.

Sitework Cost: Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of $2,240 per unit, which is $69K higher than the estimate in the Physical Condition Assessment (PCA).

Direct Construction Cost: The Applicant's direct construction cost estimate is $22K or 1% lower than the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the PCA value.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $9,550,868 supports annual tax credits of $325,532. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

LETTER of CREDIT

Source:	Columbus Bank & Trust Company			**Contact:**	Brenda Williams
Principal:	$8,380,000	**Interest Rate:**	Unspecified	**Term:**	30 months

Documentation: ☐ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: 45 days interest at 10%, 24 months interest only payments, 6 months principal and interest

PERMANENT BOND FINANCING

Source: Greystone Servicing Corporation, Inc **Contact:** Jennifer Spence

Tax-Exempt: $8,374,000 **Interest Rate:** 6.05%, fixed, lender's estimate **Amort:** 360 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☒ Application

Comments: FNMA Fees: 44 bps servicing & 46 bps guarantee included in interest rate

TAX CREDIT SYNDICATION

Source: Boston Capital **Contact:** Scott Arrighi

Proceeds: $3,196,318 **Net Syndication Rate:** 98.5% **Anticipated HTC:** $324,499/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $440,723 **Source:** Deferred Developer Fee

Amount: $5,765 **Source:** Cash Equity

FINANCING STRUCTURE ANALYSIS

Bond Financing: The Department will issue the bonds which will be credit enhanced by FNMA, and FNMA will require a construction phase Letter of Credit. The Developer is requesting that Columbus Bank and Trust issue a Letter of Credit for a 30-month period in the amount of $8,380,000. The tax-exempt bonds will carry a "AAA" rating from Standard and Poors.

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 $440,723 amount to 37% of the total fees.

Financing Conclusions: The Underwriter's total development cost estimate less the bonds of $8,380,000 indicates the need for $3,627,946 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $368,356 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($324,532), the gap-driven amount ($368,356), and eligible basis-derived estimate ($325,792), the Applicant's request of $324,532 is recommended resulting in proceeds of $3,196,323 based on a syndication rate of 98.5%.

The Underwriter's recommended financing structure indicates the need for $431,623 in additional permanent funds. Deferred developer fees in this amount represent 36% of the total eligible fee and appear to be repayable from development cashflow within six years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, and property manager 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.

- Summit America Properties, Inc. submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $760K and consisting of $760K in receivables. Liabilities totaled $814K, resulting in a net worth of $(-54) K.
- Realty Partners, LLC submitted an audited financial statement as of December 31, 2005 reporting total assets of $80M and consisting of $550K in cash, $965K in receivables, $68M in real property, and $10.6M in other business interests and assets. Liabilities totaled $81.3M, resulting in a net worth of $(-1.1M)K.

- The principal(s) of the General Partner, W. Daniel Hughes, Jr., submitted an unaudited financial statement(s) as of April 30, 2006 and is anticipated to be guarantor(s) of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant inconsistencies in the application could affect the financial feasibility of the development with regard to achievable rent.
- Significant environmental risk may exist regarding asbestos and groundwater.
- 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.

Director of Real Estate Analysis:	______________________	Date:	__________
	Tom Gouris		

MULTIFAMILY COMPARATIVE ANALYSIS

Center Ridge Apartments, Duncanville, 4% HTC #060616

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 60%	31	1	1	669	$748	$535	$16,585	$0.80	$102.00	$17.00
MR	1	1	1	669	748	$535	535	0.80	102.00	17.00
TC 60%	106	2	2	912	898	$670	71,020	0.73	141.00	17.00
MR	6	2	2	912	898	$670	4,020	0.73	141.00	17.00
TC 60%	76	3	2	1,104	1037	$750	57,000	0.68	174.00	17.00
MR	4	3	2	1,104	1,037	$750	3,000	0.68	174.00	17.00
TOTAL:	224		AVERAGE:	946	$926	$679	$152,160	$0.72	$147.21	$17.00

INCOME	Total Net Rentable Sq Ft: 211,872		TDHCA	APPLICANT		Comptroller's Region	3
POTENTIAL GROSS RENT			$1,825,920	$1,825,920		IREM Region	Dallas
Other Income	Per Unit Per Month:	$15.00	40,320	51,516	$19.17	Per Unit Per Month	
Utility Reimbursement (Water & Gas)	Per Unit Per Month:	$23.87	64,152	18,924	$7.04	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,930,392	$1,896,360			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(144,779)	(132,744)	-7.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$1,785,613	$1,763,616			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.72%	$376	0.40	$84,297	$49,740	$0.23	$222	2.82%
Management		3.90%	311	0.33	69,661	71,436	0.34	319	4.05%
Payroll & Payroll Tax		11.98%	955	1.01	213,918	200,000	0.94	893	11.34%
Repairs & Maintenance		5.56%	443	0.47	99,290	55,000	0.26	246	3.12%
Utilities		5.60%	446	0.47	99,927	102,746	0.48	459	5.83%
Water, Sewer, & Trash		10.13%	807	0.85	180,830	192,201	0.91	858	10.90%
Property Insurance		3.69%	294	0.31	65,808	56,000	0.26	250	3.18%
Property Tax	3.1388	9.08%	724	0.77	162,188	167,200	0.79	746	9.48%
Reserve for Replacements		3.76%	300	0.32	67,200	67,200	0.32	300	3.81%
Supp serv, security, compliance		2.62%	209	0.22	46,796	37,836	0.18	169	2.15%
TOTAL EXPENSES		61.04%	$4,866	$5.14	$1,089,916	$999,359	$4.72	$4,461	56.67%
NET OPERATING INC		38.96%	$3,106	$3.28	$695,697	$764,257	$3.61	$3,412	43.33%
DEBT SERVICE									
Geystone Servicing Corporation		33.95%	$2,706	$2.86	$606,144	$597,072	$2.82	$2,666	33.85%
Cash Equity		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		5.02%	$400	$0.42	$89,552	$167,185	$0.79	$746	9.48%
AGGREGATE DEBT COVERAGE RATIO					1.15	1.28			
RECOMMENDED DEBT COVERAGE RATIO					1.15				

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)		55.78%	$29,902	$31.61	$6,698,000	$6,798,000	$32.09	$30,348	56.54%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.60%	1,931	2.04	432,550	501,850	2.37	2,240	4.17%
Direct Construction		15.64%	8,384	8.86	1,877,950	1,856,047	8.76	8,286	15.44%
Contingency	5.82%	1.12%	600	0.63	134,400	134,400	0.63	600	1.12%
General Req'ts	6.00%	1.15%	619	0.65	138,630	141,473	0.67	632	1.18%
Contractor's G & A	2.00%	0.38%	206	0.22	46,210	47,157	0.22	211	0.39%
Contractor's Profit	6.00%	1.15%	619	0.65	138,630	141,473	0.67	632	1.18%
Indirect Construction		1.65%	883	0.93	197,697	197,697	0.93	883	1.64%
Ineligible Costs		6.72%	3,603	3.81	807,011	807,011	3.81	3,603	6.71%
Developer's G & A	1.17%	0.81%	436	0.46	97,681	0	0.00	0	0.00%
Developer's Profit	13.00%	9.06%	4,855	5.13	1,087,535	1,185,216	5.59	5,291	9.86%
Interim Financing		0.83%	445	0.47	99,585	99,585	0.47	445	0.83%
Reserves		2.10%	1,125	1.19	252,067	112,898	0.53	504	0.94%
TOTAL COST		100.00%	$53,607	$56.68	$12,007,946	$12,022,807	$56.75	$53,673	100.00%
Construction Cost Recap		*23.05%*	***$12,359***	***$13.07***	***$2,768,370***	***$2,822,400***	***$13.32***	***$12,600***	*23.48%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
Geystone Servicing Corporation	69.79%	$37,411	$39.55	$8,380,000	$8,380,000	$8,380,000	Developer Fee Available
Cash Equity	0.05%	$26	$0.03	5,765	5,765	0	$1,185,216
HTC Syndication Proceeds	26.62%	$14,269	$15.09	3,196,319	3,196,319	3,196,323	% of Dev. Fee Deferred
Deferred Developer Fees	3.67%	$1,968	$2.08	440,723	440,723	431,623	36%
Additional (Excess) Funds Req'd	-0.12%	($66)	($0.07)	(14,861)	0	(0)	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,007,946	$12,022,807	$12,007,946	$2,342,318

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Center Ridge Apartments, Duncanville, 4% HTC #060616

PAYMENT COMPUTATION

Primary	$8,380,000	Amort	360
Int Rate	6.05%	DCR	1.15

Secondary	$5,765	Amort	
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$3,196,319	Amort	
Int Rate		Aggregate DCR	1.15

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$606,144
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$89,552

Primary	$8,380,000	Amort	360
Int Rate	6.05%	DCR	1.15

Secondary	$5,765	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$3,196,319	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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	$1,825,920	$1,880,698	$1,937,119	$1,995,232	$2,055,089	$2,382,411	$2,761,868	$3,201,762	$4,302,900
Secondary Income	40,320	41,530	42,775	44,059	45,381	52,608	60,988	70,701	95,017
Utility Reimbursement (Water & (	64,152	66,077	68,059	70,101	72,204	83,704	97,036	112,491	151,179
POTENTIAL GROSS INCOME	1,930,392	1,988,304	2,047,953	2,109,392	2,172,674	2,518,724	2,919,892	3,384,955	4,549,096
Vacancy & Collection Loss	(144,779)	(149,123)	(153,596)	(158,204)	(162,951)	(188,904)	(218,992)	(253,872)	(341,182)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,785,613	$1,839,181	$1,894,357	$1,951,187	$2,009,723	$2,329,820	$2,700,900	$3,131,083	$4,207,914
EXPENSES at 4.00%									
General & Administrative	$84,297	$87,669	$91,176	$94,823	$98,616	$119,981	$145,975	$177,601	$262,893
Management	69,661	71,751	73,904	76,121	78,405	90,892	105,369	122,152	164,162
Payroll & Payroll Tax	213,918	222,474	231,373	240,628	250,253	304,472	370,436	450,692	667,135
Repairs & Maintenance	99,290	103,262	107,392	111,688	116,156	141,321	171,939	209,190	309,652
Utilities	99,927	103,924	108,081	112,405	116,901	142,228	173,042	210,532	311,638
Water, Sewer & Trash	180,830	188,063	195,586	203,409	211,546	257,378	313,139	380,982	563,946
Insurance	65,808	68,440	71,178	74,025	76,986	93,665	113,958	138,648	205,233
Property Tax	162,188	168,676	175,423	182,440	189,737	230,844	280,858	341,706	505,809
Reserve for Replacements	67,200	69,888	72,684	75,591	78,614	95,647	116,369	141,580	209,573
Other	46,796	48,668	50,615	52,639	54,745	66,605	81,036	98,592	145,940
TOTAL EXPENSES	$1,089,916	$1,132,816	$1,177,411	$1,223,769	$1,271,958	$1,543,033	$1,872,120	$2,271,675	$3,345,981
NET OPERATING INCOME	$695,697	$706,365	$716,945	$727,419	$737,765	$786,787	$828,779	$859,408	$861,933
DEBT SERVICE									
First Lien Financing	$606,144	$606,144	$606,144	$606,144	$606,144	$606,144	$606,144	$606,144	$606,144
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	$89,552	$100,221	$110,801	$121,274	$131,620	$180,642	$222,635	$253,264	$255,789
DEBT COVERAGE RATIO	1.15	1.17	1.18	1.20	1.22	1.30	1.37	1.42	1.42

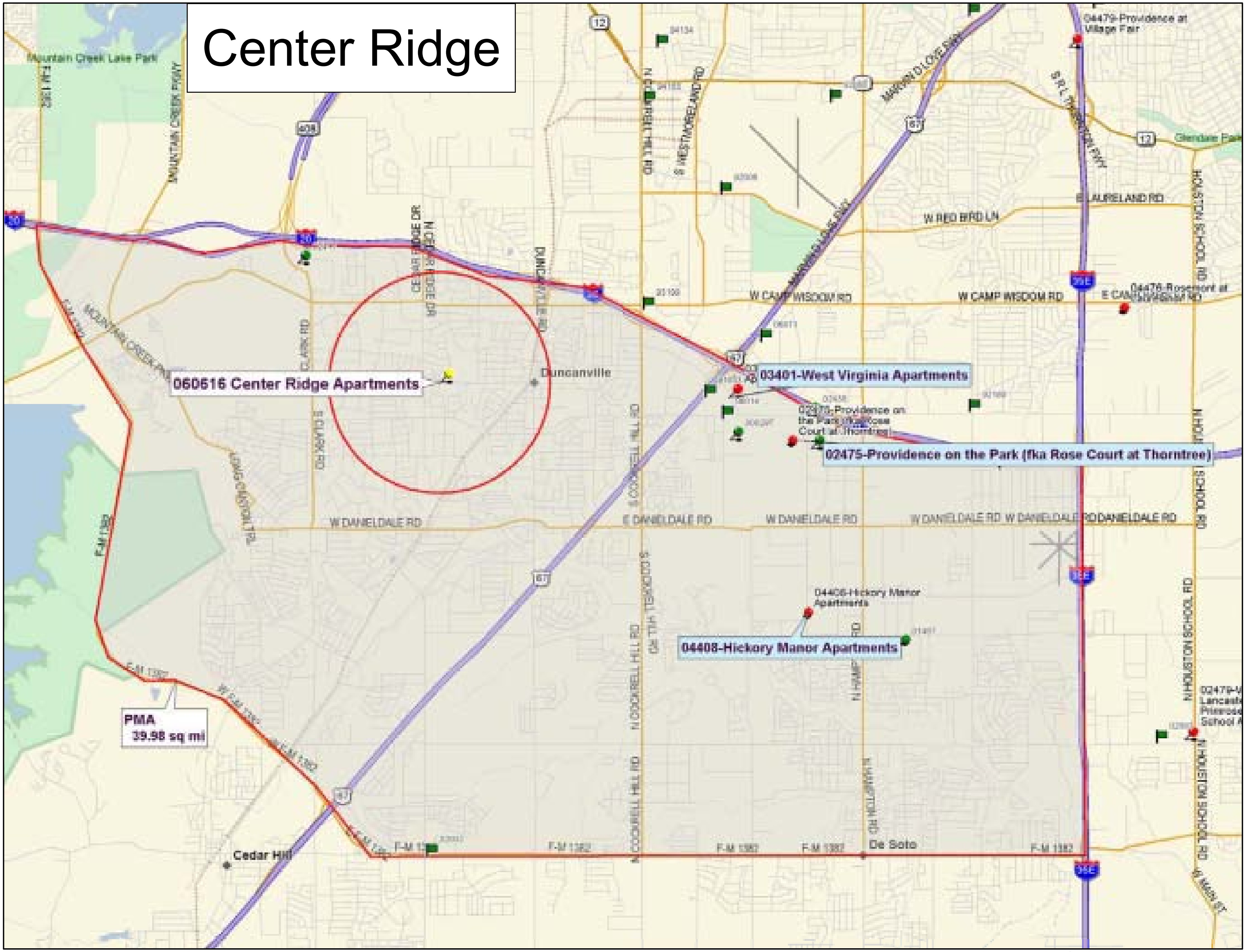
HTC ALLOCATION ANALYSIS - Center Ridge Apartments, Duncanville, 4% HTC #060616

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	$1,398,000	$1,398,000				
Purchase of buildings	$5,400,000	$5,300,000	$5,400,000	$5,300,000		
(2) Rehabilitation/New Construction Cost						
On-site work	$501,850	$432,550			$501,850	$432,550
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$1,856,047	$1,877,950			$1,856,047	$1,877,950
(4) Contractor Fees & General Requirements						
Contractor overhead	$47,157	$46,210			$47,157	$46,210
Contractor profit	$141,473	$138,630			$141,473	$138,630
General requirements	$141,473	$138,630			$141,473	$138,630
(5) Contingencies	$134,400	$134,400			$134,400	$134,400
(6) Eligible Indirect Fees	$197,697	$197,697			$197,697	$197,697
(7) Eligible Financing Fees	$99,585	$99,585			$99,585	$99,585
(8) All Ineligible Costs	$807,011	$807,011				
(9) Developer Fees						
Developer overhead		$97,681		$61,885		$35,796
Developer fee	$1,185,216	$1,087,535	$751,221	$689,000	$433,995	$398,535
(10) Development Reserves	$112,898	$252,067				
TOTAL DEVELOPMENT COSTS	$12,022,807	$12,007,946	$6,151,221	$6,050,885	$3,553,677	$3,499,983

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		$6,151,221	$6,050,885	$3,553,677	$3,499,983
High Cost Area Adjustment				100%	100%
TOTAL ADJUSTED BASIS		$6,151,221	$6,050,885	$3,553,677	$3,499,983
Applicable Fraction		95%	95%	95%	95%
TOTAL QUALIFIED BASIS		$5,844,723	$5,749,386	$3,376,607	$3,325,588
Applicable Percentage		3.59%	3.59%	3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$209,826	$206,403	$121,220	$119,389
Syndication Proceeds	**0.9849**	**$2,066,577**	**$2,032,868**	**$1,193,900**	**$1,175,861**

Total Tax Credits (Eligible Basis Method)	**$331,046**	**$325,792**
Syndication Proceeds	**$3,260,477**	**$3,208,729**
Requested Tax Credits	**$324,532**	
Syndication Proceeds	**$3,196,323**	
Gap of Syndication Proceeds Needed	**$3,642,807**	**$3,627,946**
Total Tax Credits (Gap Method)	**$369,865**	**$368,356**

Center Ridge



Scale 1 : 75,000

1" = 1.18 mi

Data Zoom 11-4

Applicant Evaluation

Project ID # **060616** Name: **Center Ridge Apartments** City: **Duncanville**

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		**Single Audit**		**Portfolio Analysis**	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 6/26/2006

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (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	A. Martin	Reviewer	Sandy M. Garcia	Reviewer	David Burrell
Date	6 /20/2006	Date	6 /20/2006	Date	6 /24/2006

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	6 /21/2006	Date	6 /20/2006	Date	6 /27/2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Center Ridge Apartments

Public Hearing

Total Number Attended	1
Total Number Opposed	0
Total Number Supported	0
Total Number Neutral	1
Total Number that Spoke	1

Public Officials Letters Received

Opposition	0
Support	0

General Public Letters and Emails Received

Opposition	0
Support	0

Summary of Public Comment

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CENTER RIDGE APARTMENTS

PUBLIC HEARING

Cafeteria
Hastings Elementary School
602 West Center Street
Duncanville, Texas

Wednesday, June 21, 2006
6:00 p.m.

BEFORE:

TERESA MORALES, Housing Specialist

ALSO PRESENT:

SHARON GAMBLE, TDHCA
DANIEL H. McKENZIE, Summit Asset Management, L.L.C.

I N D E X

P R O C E E D I N G S

MS. MORALES: I'm Teresa Morales, and I'm with the Texas Department of Housing and Community Affairs. And I'm here this evening to conduct a public hearing with respect to the Center Ridge Apartments, which is located just next door.

To give you some ideas to the format of tonight's hearing, first I'm going to do a brief presentation on the programs that the applicant has applied for with the Texas Department of Housing.

Members of the development team are here this evening. And they will give a brief presentation on the specifics of the actual development. And from there there is a speech that I have to read for IRS purposes. And it will be at the conclusion of that speech when, if you wish to make public comment, you can do so at that time.

I would just request that you fill out the witness affirmation form. A couple of things that I wanted to mention on the public hearings that TDHCA does: according to IRS code the Department is only required to take public comment on the bond issuance.

However TDHCA has extended this to take comment on the development itself. I wanted to stress that we are not required to do that. But we want community input, and we seek it. And that's why we hold these public hearings and take comment on such items as those.

TDHCA schedules the public hearing where the development is to be located and at a time and location that is convenient for the community. Even though TDHCA is headquartered in Austin what we do is, wherever a development whether it's a new construction development or an acquisition rehab development, we actually travel to that particular site and conduct the hearing in that area.

There are two programs specifically that the applicant has applied for with TDHCA. One is the Private Activity Bond Program, and the other is the Housing Tax Credit Program. Both of these programs were created by the federal government to encourage private industry to build quality housing that is affordable to individuals and families with lower than average incomes.

The first program, the Private Activity Bond Program, refers to the issuance of tax-exempt bonds. The tax exemption is not an exemption of property tax, but rather an exemption to the purchaser of those bonds. The way it works is a bond purchaser does not have to pay taxes on their investment and the income that they make on that investment.

The bond purchaser will accept a lower rate of return. And therefore the lender that is involved will charge a lower interest rate for the mortgage that will be placed on the property to the developer. The other program is the Housing Tax Credit Program, which was created as a result of the Tax Reform Act of 1986.

The housing tax credit again is an investment to the investor that purchases those tax credits. It is an IRS credit to the development. Again it is unrelated to property taxes. The housing tax credit provides equity to the development, which allows the developer again to charge lower rents to affordable tenants.

With both the Housing Tax Credit Program and the Private Activity Bond Program, what you have is a tax benefit. But that benefit is going to the investors who are helping to finance that particular development. This is what gives the developer the opportunity to provide high-quality housing in this particular area, specifically acquiring the development and doing some rehabilitation to it.

Another thing I wanted to mention is that the tax credit properties that TDHCA has, they are privately owned and privately managed. There are ongoing responsibilities between all of the affordable housing developments through TDHCA.

These responsibilities include compliance monitoring. The compliance period with a bond transaction is for the greater of 30 years or as long as those bonds remain outstanding. If those bonds remain outstanding for 40 years, then that particular development will be on hook, so to speak, with the state for that 40-year period.

Some of the specific things that TDHCA staff is looking for when we go out and do these monitoring visits include making sure that the units are occupied by eligible households. By that we just make sure that everyone who is living there is supposed to be living there and qualifies to live there.

We also monitor the physical appearance, make sure that that is up kept, and then also make sure that the rents are capped at appropriate levels and also ensure that repair reserve accounts are established and funded.

With any bond transaction it is a requirement -- not only by the state, but also lenders that are involved -- to make sure that there are repair reserve accounts and make sure that those stay funded in the event that there are repairs and maintenance that needs to be done to the properties.

In terms of monitoring all of the bond developments that we have through TDHCA, they are monitored every two years. And those are done again by TDHCA staff. And there are desk reviews that are done quarterly, which include financial audits and stuff like that.

Again with all of our tax credit properties there are tenant services that are also involved. And I wanted to briefly mention that. The way it typically works is that after lease-up the applicant will then forward a survey on to all of the tenants to find out specifically what types of services they would be interested in.

These services can include, but are not limited to, tutoring or honor roll programs, computer classes, after-school activities or summer camps, health care screening or immunizations for school children. What I would like to do now is turn it over to members that represent the development team.

They have a brief presentation to kind of highlight some specifics of what's going to be happening with this particular property.

MR. McKENZIE: Summit Asset Management is an owner/operator throughout the Sunbelt region. And we currently have approximately 70 apartment communities scattered throughout the Sunbelt. The majority of those apartment communities are affordable housing communities.

About half of the 70 are tax-exempt bond transactions as Teresa just mentioned. Specifics to this project, Center Ridge: it's an existing 224-unit apartment complex located right next door. The proposed rehab is $12,000 per unit.

As you can see here on the scope of work we've got exterior and interior, both site notes, building notes and unit-specific items that we plan on doing. Of that $12,000 run down from the top, we plan on overlaying the parking lot, dressing up the landscaping throughout the area, doing a lot of general fixtures -- light poles here and there -- also putting controlled access gates throughout the property, and accompanying that with digital surveillance equipment.

General exterior building notes include painting, replacement of vinyl siding, the new gutters and downspouts throughout the building, replacement of asphalt shingles and roofs. The general feel that we want to have throughout these communities: provide better access and better amenities to the tenant base.

And that's our whole objective of coming into these projects. And that's our goal of the rehab for Center Ridge. If there's any questions you may have -- I know there's only person.

MS. MORALES: We'll hold that until we read the speech.

MS. GAMBLE: Good evening. My name is Sharon Gamble. I would like to proceed with the public hearing. Let the record show it is 6:17 p.m. on Wednesday, June 21, 2006, and we're at the Hastings Elementary School, located at 602 West Center Street, Duncanville, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development on 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 July 28, 2006. 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 July 14, 2006. The Bonds will be issued as tax-exempt multifamily revenue bonds in aggregate principal amount not to exceed $8,500,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the Bonds will be loaned to Summit Center Ridge Apartments, Ltd. -- or a related or affiliate entity thereof -- to finance the acquisition and rehabilitation of a multifamily housing development described as follows: a 224-unit multifamily residential rental development to be constructed on approximately 12.3 acres of land, located at 700 West Center Street, Dallas County, Duncanville, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower or related person or affiliate thereof. I'd now like to open the floor for public comment.

If, sir, you have signed up to make comment at this time.

(No response.)

MS. GAMBLE: We have no one to make public comment. So at this time we want to thank you all for attending this hearing. The meeting is now adjourned, and the time is now 6:20 p.m.

(Whereupon, at 6:20 p.m., the public hearing was concluded.)

C E R T I F I C A T E

IN RE: Center Ridge Apartments

LOCATION: Duncanville, Texas

DATE: June 21, 2006

I do hereby certify that the foregoing pages, numbers 1 through 12, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Joan Wong before the Texas Department of Housing and Community Affairs.

07/03/2006
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

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DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2006 Private Activity Multifamily Housing Revenue Bonds

Meadowlands Apartments
Northwest corner of Steeplepark Drive and Steepleway Boulevard
Houston, Texas

H.T. Seattle Slew, Ltd.
236 Units
Priority 3
$13,500,000 Tax Exempt – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits with TDHCA as the Issuer for the Meadowlands Apartments development.

Requested Action

Approve, Amend or Deny the staff recommendation for the Meadowlands Apartments.

Summary of the Meadowlands Apartments Transaction

The pre-application for the 2006 Waiting List was received on January 2, 2006. The application was scored and ranked by staff. The application was induced at the February 15, 2006 Board meeting and submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on May 4, 2006. This application was submitted under the Priority 3 category. The Department conducted three public hearings for this proposed development. The first, held on June 27, 2006 did not have anyone present due to a notification error of the Department and the fact that the hearing information was not indicated on the sign on the property. The second hearing, held on August 9, 2006 had 206 people in attendance and fifteen people spoke for the record. The August 21, 2006 meeting was to allow those not able to make comment on August 9, 2006 due to inadequate space to make public comment at this meeting. There were 180 people in attendance and 36 people spoke for the record.

A summary of the public comment from all three meetings is as follows: there is already a saturation of affordable housing developments and apartments in general in the area; high vacancy rates of other developments in the area; there is no public transportation; there will be a decline in property values which will result in a decline of the area; the local school district cannot support the additional students that this development will create; the concentration of economically disadvantaged children in the area schools; additional stress on the local volunteer fire department and other local emergency services; increased traffic congestion; and will contribute to an increase in crime. Additionally, the Department has received letters of opposition from State Representative Gary Elkins and Commissioner Jerry Eversole and 45 letters of opposition from the community. A petition was also submitted that contained 1,142 signatures. Copies of the transcripts are included in this presentation.

The proposed site is located at approximately the northwest corner of Steeplepark Drive and Steepleway Blvd., Houston, Harris County. Demographics for the census tract (5519.00) include AMFI of $60,278; the total population is 4,278; the percent of the population that is minority is 38.73%; the percent of the population that is below the poverty line is 11.38%; the number of owner occupied units is 21; the number renter occupied units is 2,353 and the number of vacant units is 355. (FFIEC Geocoding for 2006)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in an amount not to exceed $13,500,000. The bonds will be unrated and privately placed with MuniMae TEI Holdings, LLC. The term of the bonds will be for 40 years. The construction and lease up period will be for 18 months during which payment terms will be interest only, followed by a 40 year amortization. The interest rate on the bonds will be 6.00% per annum subject to adjustment by the Remarketing Agent on each Remarketing Date.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Meadowlands Apartments development because of the quality of construction of the development as demonstrated by the plans and specifications, the feasibility of the development (as demonstrated by the financial commitments from MMA Financial, LLC and the underwriting report from 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.

Staff notes for the Board's attention, the substantial public comments concerning the safety of the citizens in the community due to a recent increase in crime, the appearance of a high concentration of affordable housing in the immediate area, the lack of public facilities and the potential impact on the area schools.

MULTIFAMILY FINANCE PRODUCTION DIVISON
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT:	Meadowlands Apartments, Houston, Harris County
PROGRAM:	Texas Department of Housing & Community Affairs 2006 Private Activity Multifamily Revenue Bonds (Reservation received May 4, 2006)
ACTION REQUESTED:	Approve the issuance of multifamily housing mortgage revenue bonds (the “Bonds”) by the Texas Department of Housing and Community Affairs (the “Department”). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department’s revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*
PURPOSE:	The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to H.T. Seattle Slew, Ltd., a Texas limited partnership (the “Owner” or “Borrower”), to finance the acquisition, construction, equipping and long-term financing of a proposed 236-unit multifamily residential rental development located at approximately the northwest corner of Steeplepark Drive and Steepleway Blvd., Houston, Harris County (the “Development”). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.
BOND AMOUNT:	$ 13,500,000 (*) Series 2006 Tax Exempt Bonds $ 13,500,000 Total Bonds (*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.
ANTICIPATED CLOSING DATE:	The Department received a volume cap allocation for the Bonds on May 4, 2006 pursuant to the Texas Bond Review Board's 2006 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before October 1, 2006, the anticipated closing date is September 19, 2006.
BORROWER:	H.T. Seattle Slew, Ltd., a Texas limited partnership, the general partner of which is CIS Seattle Slew GP, LLC with Greg Thorse

** Preliminary - Represents Maximum Amount*

owning 100% interest. MMA Financial, LLC, is an Investor Limited Partner of Borrower, and it or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower, MMA Special Limited Partner, Inc. is a Special Limited Partner of Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on July 28, 2006 reveals that the principals of the general partner above have a total of five (5) properties that will be monitored by the Department.

ISSUANCE TEAM/ ADVISORS:

MuniMae TEI Holdings, LLC or an affiliate thereof ("Bond Purchaser")
MMA Financial, LLC ("Equity Provider")
The Bank of New York Trust Company, N.A. ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Capital Markets ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. ("Disclosure Counsel")

BOND PURCHASER: The Bonds will be purchased by MuniMae TEI Holdings, LLC or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

Site: The proposed affordable housing community is a 236-unit residential rental development to be constructed on an approximately 11.20 acres to be located at approximately the northwest corner of Steeplepark Drive and Steepleway Blvd., Houston, Harris County Houston, Harris County.

Buildings: The Development will consist of twelve (12) three-story residential, wood-framed apartment buildings consisting of 20% masonry veneer, 60% hardiplank and 20% stucco exteriors with a total of approximately 230,092 net rentable square feet and an average unit size of 989 square feet. The development will include a clubhouse with a computer center, a games room/TV lounge, fitness center, laundry facilities, swimming pool, playground, full perimeter fencing with gated access, a car wash area and barbeque and picnic area. The unit amenities include microwave ovens, washer/dryer connections, storage room, and ceiling fans.

Units	Unit Type	Sq Ft	Proposed Net	Rent
60	1-Bed/1-Baths	727	$625.00	60%
104	2-Bed/2-Baths	920	$751.00	60%
72	3-Bed/2-Baths	1,261	$862.00	60%
236	Total Units			

SET-ASIDE UNITS: For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning

	not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*
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) $67,500 Issuance Fee (.50% of the bond amount paid at closing)
DEPARTMENT ANNUAL FEES:	$13,500 Bond Administration (0.10% of first year bond amount) $9,440 Compliance ($40/unit/year adjusted annually for CPI).
ASSET OVERSIGHT FEE:	$5,900 to TDHCA or assigns ($25/unit/year adjusted annually for CPI) *(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)*
TAX CREDITS:	The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $951,354 and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $8,992,000 of equity for the transaction.
BOND STRUCTURE:	The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues. The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors. The Bond Purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by

the trust. During the construction and lease-up period, the Bonds will pay as to interest only.

BOND INTEREST RATES: The interest rate on the bonds will be 6.00% per annum. The Department's Real Estate Analysis division underwrote the transaction using a 6.00% rate.

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

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

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

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

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

Mandatory Redemption:

The Bonds are subject to mandatory redemption, (i) in whole or in part at the written direction of the Servicing Agent from any and all Receipts Requiring Mandatory Redemption; (ii) in whole or in part to the extent funds are required to be applied to the redemption of the Bonds pursuant to Article IV of the Indenture; (iii) in part from the proceeds of any Loan Equalization Payment made by the Borrower; and (iv) in whole on each Remarketing Date unless certain requirements detailed in the indenture have been met, each at a redemption price equal to 100% of the principal amount of Bonds being redeemed plus interest accrued to the redemption date.

Optional Redemption

From and after September 1, 2023 only, the Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, and only at the written direction of the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date.

Optional Redemption at Direction of Servicing Agent and Holders:

(a) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Servicing Agent, from and to the extent of amounts on deposit in the Construction Fund and from amounts paid under the Note if construction of the Development has not lawfully commenced within sixty (60) days of the Closing Date. At a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest.

(b) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds, upon the occurrence of an Event of Taxability, but only if so directed by the Holders in writing within ninety (90) days of the occurrence of the Event of Taxability, at a redemption price equal to 106% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date; provided, however, that the foregoing redemption premium of six percent (6%) shall not be payable if the Event of Taxability is solely the result of a change in federal tax laws as determined by Bond Counsel at the sole cost and expense of the Borrower.

(c) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of 100% of the outstanding principal amount of the Bonds, at any time after the September 1, 2023, without premium, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, but only if the Holders provide the Issuer, the Trustee and the Borrower with written notice of their election to require redemption of the Bonds at least one hundred and eighty (180) days prior to the date set for redemption.

(d) The Bonds are subject to redemption, in whole, at the option of the Holders of 100% of the principal amount of the Bonds outstanding in the event that the Bonds do not convert to permanent phase by the outside conversion date, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

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

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

The Trust Indenture will initially create up to eleven (11) funds with the following general purposes:

1. Bond Proceeds Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Proceeds Fund and immediately applied by the Trustee to other funds and accounts as required by the Indenture.

2. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to its accounts for payment according to the amount required and time designated by the Trust Indenture – first to the Fee and Expense Account, second to the Tax and Insurance Account, third to the Interest Account, and fourth to the Principal Account.
3. Borrower Equity Fund – Funds from sources other than Bond proceeds to pay for Costs of Issuance, capitalized interest and certain other costs relating to the acquisition and development of the Development.

4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.

5. Construction Fund – Fund into which amounts needed to complete construction of the improvements are deposited and disbursed.

6. Capitalized Interest Fund – Fund into which a portion of the proceeds of the bonds and/or borrower equity are deposited and used to fund the payment of interest during the construction period.

7. Lease-Up Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds. Such amount, plus other funds transferred therein pursuant to the Indenture, will be applied to pay the Operating Expenses of the Development to the extent that the Development's net cash flow is insufficient to pay such amounts. On or after the date which is the earlier of the Conversion Date and the Loan Equalization Payment Date, amounts remaining in the Lease-Up Fund will be used (i) first, to redeem Bonds if required pursuant to the terms of the Indenture and the Borrower does not pay or cause to be paid by the Guarantors under the Guaranty all amounts required to redeem Bonds; (ii) second, to pay any deferred and unpaid developer's fee; and (iii) third, the balance, if any, will be paid to the Borrower.

8. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

9. Replacement Fund – Fund into which amounts are held in reserve to cover replacement costs and ongoing maintenance to the Development.

10. Bond Proceeds Clearance Fund – Fund into which monies are transferred from the Bond Proceeds Account of the Construction Fund and the Bond Proceeds Account of the Capitalized Interest Fund, as and when provided in the Indenture, and are applied, after completion of the Development, either directly or after being transferred to the Principal Account of the Reserve Fund, to pay any unpaid or deferred developer's fee and/or to redeem Bonds.

11. Temporary Funds and Accounts – the trustee may establish and maintain for so long as is necessary one or more temporary funds and accounts under the Indenture.

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

DEPARTMENT ADVISORS:

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – The Bank of New York Trust Company, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 2006.

3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Disclosure Counsel –McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in September 2005.

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. 06-030

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (MEADOWLANDS APARTMENTS) SERIES 2006; 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 construction 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 (Meadowlands Apartments) Series 2006 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and The Bank of New York Trust Company, N.A., a national banking association, 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; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to H.T. Seattle Slew, Ltd., 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 Governing Board of the Department (the "Board"), by resolution adopted on February 15, 2006, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan and Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original aggregate principal amount 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 the Borrower's obligations under the Note will be secured by a Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (the "Deed of Trust") from the Borrower for the benefit of the Department; and

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

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Development which will be filed of record in the real property records of Harris County, Texas; 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 Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution, and (b) the Deed of Trust and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Deed of Trust and the Note, and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be 6.0% per annum; provided, however, that the interest rate is subject to adjustment following the Initial Remarketing Date by the Remarketing Agent as set forth in the Indenture; provided further, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $13,500,000; and (iii) the final maturity of the Bonds shall occur on September 1, 2046.

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 is 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 is hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.6--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.7--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Assignment of Deed of Trust Documents and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Assignment of Note and to deliver the Assignments to the Trustee.

Section 1.8--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Indenture
Exhibit C - Financing Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Deed of Trust
Exhibit F - Note
Exhibit G - Assignments
Exhibit H - Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.13--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 service programs will be provided to tenants of 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--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

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

Section 2.5--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.

Section 2.6--—Engagement of Other Professionals. That the 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.

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 Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iv) 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 Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

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

(iii) that the Borrower is not, and will not enter into a contract for the 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 administration, monitoring and oversight 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, the Issuer Documents, the Deed of Trust, the Note and any other bond document 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.

[Remainder of page intentionally left blank.]

PASSED AND APPROVED this 30th day of August, 2006.

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: H.T. Seattle Slew, Ltd., a Texas limited partnership

Development: The Development is a 236-unit multifamily facility known as Meadowlands Apartments and is located at approximately the northwest corner of Steeplepark Drive Steepleway Boulevard, Harris County, Texas. The Development will include the reimbursement for the acquisition of and the costs of the construction of a total of 12 residential apartment buildings with a total of approximately 230,092 net rentable square feet and an average unit size of approximately 975 square feet. The unit mix consists of:

60	one-bedroom/one-bath units
104	two-bedroom/two-bath units
72	three-bedroom/two-bath units
236	Total Units

Unit sizes range from approximately 727 square feet to approximately 1261 square feet.

Common areas include a clubhouse with business/conference center, activity room with computers, exercise room, laundry facilities, swimming pool, playground, and barbeque and picnic area.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Meadowlands Apartments, TDHCA Number 060610

BASIC DEVELOPMENT INFORMATION

Site Address:	NWC of Steeplepark Dr. and Steepleway Blvd.			Development #:	060610
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77065	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	NC
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:	HT Seattle Slew, Ltd.	
Owner Contact and Phone	Manish Verma	(210) 530-0090
Developer:	GMAT Development-Seattle Slew, Ltd	
Housing General Contractor:	Galaxy Builders, Ltd.	
Architect:	Chiles Architects, Inc	
Market Analyst:	Apartment Market Data	
Syndicator:	MMA Financial	
Supportive Services:	TBD	
Consultant:	TBD	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	236	0	60	104	72	0	0

Type of Building:

- ☑ 5 units or more per building
- ☐ Duplex
- ☐ Detached Residence
- ☐ Triplex
- ☐ Single Room Occupancy
- ☐ Fourplex
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	236
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	236
Total Development Cost:	$22,893,313
Number of Residential Buildings:	12
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$967,760	$951,354	0	0	0.00%
TDHCA Bond Allocation Amount:	$13,500,000	$13,500,000	40	40	6.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Meadowlands Apartments, TDHCA Number 060610

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

TX Representative: Elkins, District 135 O

US Representative: Culberson, District 7, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC

Resolution of Support from Local Government ☐

Jerry Eversole, Commissioner, Harris County - O

David Turkel, Director, Harris County Community & Economic Development Department -☐We find that this project is consistent with Harris County's 2003-2007 Consolidated Plan and its concentration policy.

Individuals/Businesses: In Support: **0** In Opposition **45**

Neighborhood Input:

General Summary of Comment:

Public Hearing: Concerns regarding the saturation of affordable housing in the area, high vacany rates of other developments in the area, no public transportation, declining property values, local schools ability to support additional students as well as the concentration of economically disadvantaged children, additional stress on the local emergency services, increased traffic and increased crime.

Number that attended: 206
Number that spoke: 36
Number in support: 1
Number in opposition: 205
Number Neutral: 0
Number of petition signatures: 1,142

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance of an addendum for the ESA provider addressing the issues of noise and lead in the drinking water prior to Determination Notice.

Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount amount may be warranted.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Meadowlands Apartments, TDHCA Number 060610

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

4% Housing Tax Credits: Credit Amount: $951,354

Recommendation: **Recommend approval of a Housing Tax Credit Allocation not to exceed $951,354 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $13,500,000

Recommendation: **Recommend Approval of issuance of $13,500,000 in Tax Exempt Mortgage Revenue Bonds with a fixed interest rate of 6.0% and repayment term of 40 years with a 40 year amortization period, subject to conditions.**

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

Meadowlands Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 13,500,000
Tax Credit Proceeds	8,992,000
Deferred Developer's Fee	189,161
Investment Earnings	303,237
Total Sources	$ 22,984,398

Uses of Funds	
Acquisition and Site Work Costs	$ 3,216,208
Direct Hard Construction Costs	10,658,507
Other Construction Costs (General Require, Overhead, Profit)	1,900,992
Indirect Construction Costs	852,853
Developer Fees and Overhead	2,703,891
Direct Bond Related	243,065
Bond Purchase Costs	572,500
Other Transaction Costs	1,960,274
Real Estate Closing Costs	876,108
Total Uses	$ 22,984,398

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 67,500
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	27,000
TDHCA Bond Compliance Fee ($40 per unit)	9,440
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Trustee Fee	3,750
Trustee's Counsel (Note 1)	4,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,375
Total Direct Bond Related	$ 243,065

Meadowlands Apartments

Bond Purchase Costs	
Lender Counsel	45,000
Placement Agent	295,000
Equity Provider Counsel	30,000
Borrower Counsel	135,000
Bond Issuance Cost Contingency	67,500
Total Bond Purchase Costs	$ 572,500
Other Transaction Costs	
Soft Cost Contingency	50,000
Construction Contingency	255,474
Construction Period Interest	1,086,333
Rent-up Reserve	541,467
Miscellaneous	27,000
Total Other Transaction Costs	$ 1,960,274
Real Estate Closing Costs	
Title/Recording Fees	103,846
Survey	10,000
Real Estate Taxes/Construction	171,100
Permits/Impact Fees	354,000
Property Insurance	237,162
Total Real Estate Costs	$ 876,108
Estimated Total Costs of Issuance	$ 3,651,947

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 22, 2006 **PROGRAM:** 4% HTC/MRB **FILE NUMBER:** 060610

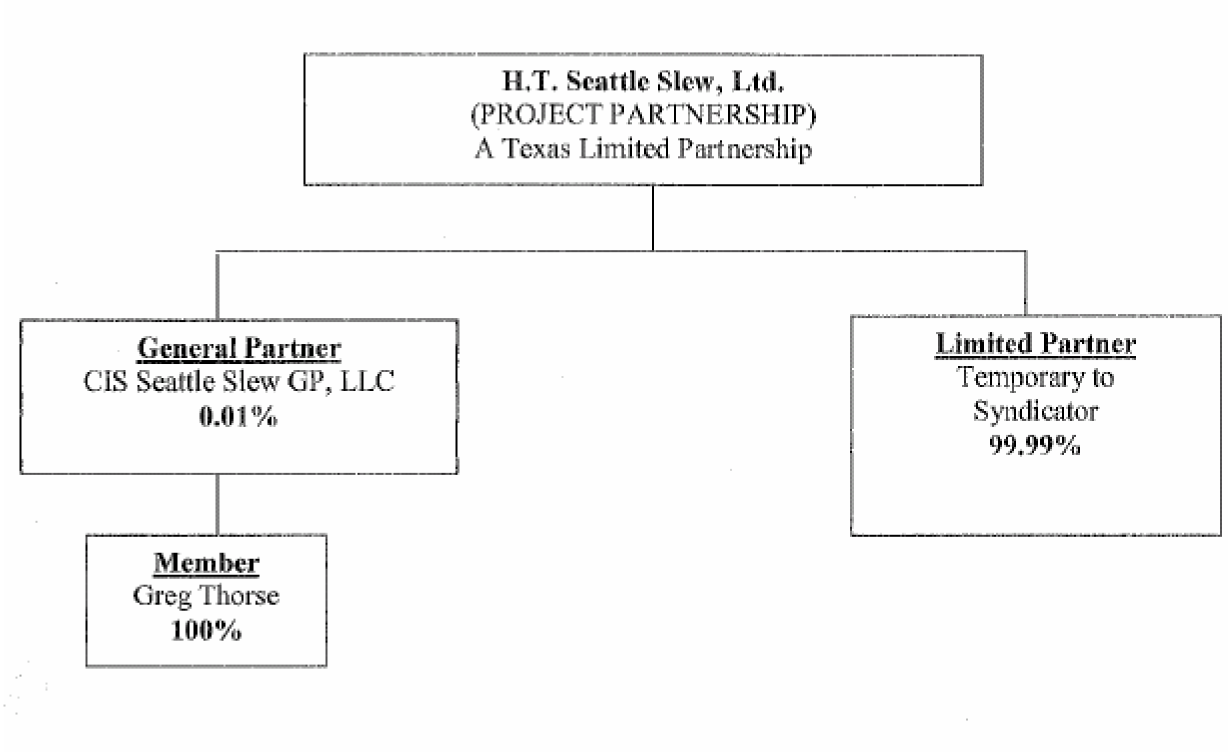
DEVELOPMENT NAME

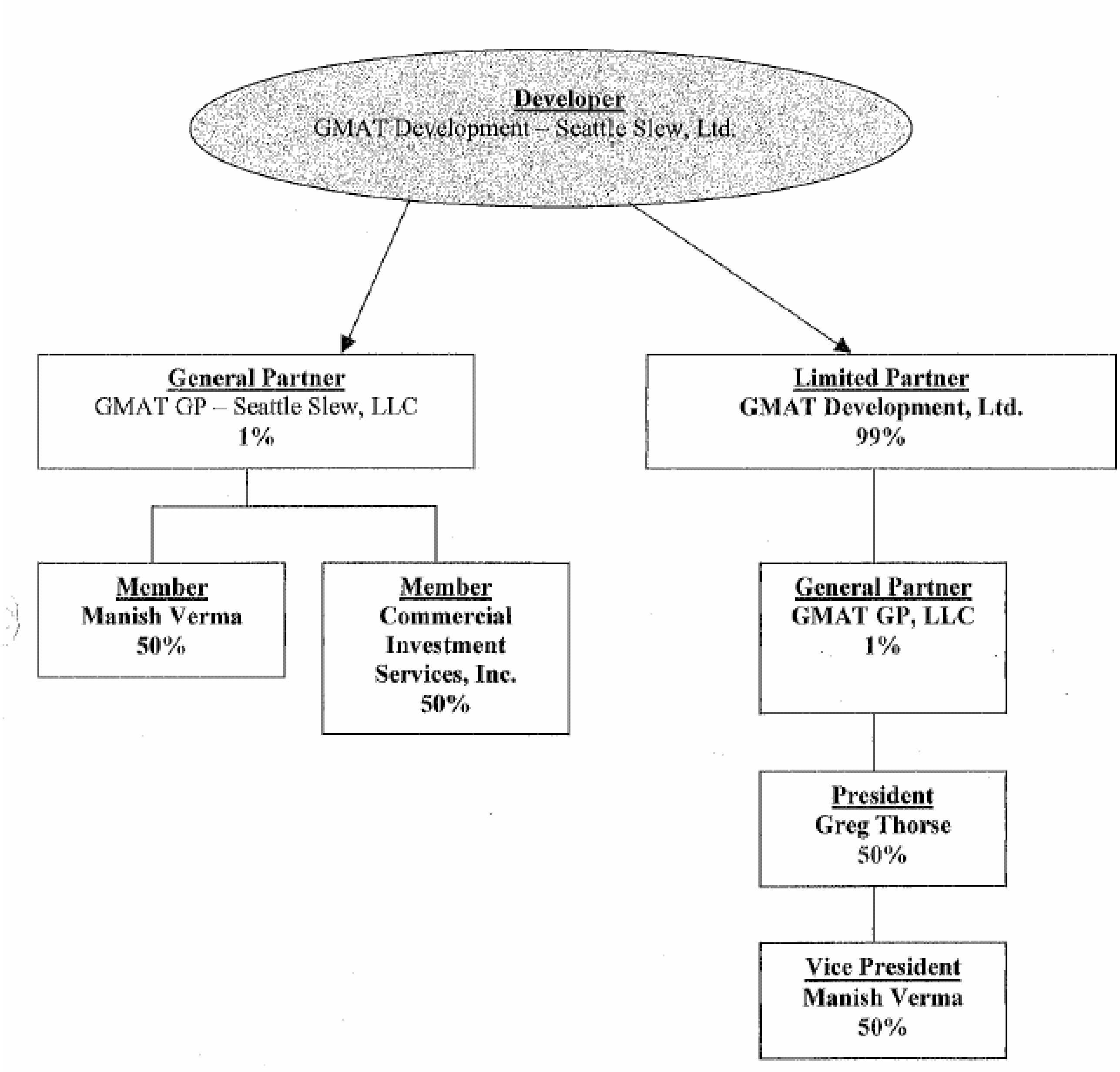
Meadowlands

APPLICANT

Name:	HT Seattle Slew, Ltd.	**Contact:**	Manish Verma		
Address:	45 NE Loop 410, Suite 290				
City	San Antonio	**State:**	TX	**Zip:**	78216
Phone:	(210) 240-8376 **Fax:** (210) 493-7573	**Email:**	manishv@about-cis.com		

KEY PARTICIPANTS





PROPERTY LOCATION

Location:	NWC of Steeplepark Dr. and Steepleway Blvd.		
City:	Houston	**Zip:**	77065
County:	Harris	**Region:**	6

☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$967,760	N/A	N/A	N/A
MRB (Tax-Exempt)	$13,500,000	6.0%	40 yrs	40 yrs

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $13,500,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.0% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $951,354 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an addendum from the ESA provider addressing the issues of noise and lead in the drinking water prior to determination notice.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 236 **# Res Bldgs** 12 **# Non-Res Bldgs** 1 **Age:** N/A yrs

Net Rentable SF: 230,092 **Av Un SF:** 975 **Common Area SF:** 4,880 **Gross Bldg SF:** 234,972

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 60% siding/shingle, 20% masonry veneer, and 20% stucco. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 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, a ceiling fixture in each room, individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a service coordinators office in addition to the leasing offices, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 513 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Meadowland is a 21-unit per acre new construction development located in northwest Harris County. The development is comprised of twelve evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
8	3	0	20	0
3	3	12	0	8
1	2	8	0	8

The development includes a 4,880-square foot community building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	11.2 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	No zoning in Harris County	**Needs to be re-zoned?**	☐ Yes ☐ No ☒ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is an undeveloped tract of land located northwest of the intersection of Steeple Way Boulevard and Steeple Park Drive in northwest Harris county.

Adjacent Land Uses:

- **North:** vacant land immediately adjacent and multi-family development beyond;
- **South:** Steeplepark Drive immediately adjacent and multi-family development beyond;
- **East:** Steepleway Blvd. immediately adjacent and multi-family development beyond; and
- **West:** multi-family development immediately adjacent and Seattle Slew Street beyond.

Site Access: "Access to the property is very good. The subject site has excellent access via West Road. From West Road, one can easily connect to Highway 290 and Beltway 8, both of which are major thoroughfares into and around Houston proper." (p 22)

Public Transportation: Public transportation to the area is provided by Metropolitan Transit Authority of Harris County (METRO) and the nearest linkage is less than a quarter of a mile from the subject site.

Shopping & Services: Commercial developments are found primarily along the major thoroughfares. Prevalent forms of commercial uses include neighborhood shopping centers, free-standing retail facilities, and office service development. Numerous single-tenant and small neighborhood retail centers are scattered throughout the neighborhood.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 6/27/2006

Overall Assessment: ☒ Excellent ☐ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 22, 2006 was prepared by Frost GeoSciences and contained the following findings and recommendations:

Findings:

- **Noise:** This issue was not addressed in the Environmental Assessment Report.
- **Floodplain**: "The Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map for Harris County, Texas, Community Panel Number 48201C0440 K, (4/20/2000) was reviewed to determine if the project site is located in areas prone to flooding. A review of the above mentioned panel number indicates that no portion of the project site is located within the 100 year floodplain. The project site is located within "Zone X". (p. 12)
- **Asbestos-Containing Materials (ACM): "**The project site was visually inspected for areas that might contain asbestos-containing materials. No obvious visual indications of asbestos-containing materials were noted on the project site at the time of the on site inspection. No materials were tested for asbestos containing materials." (p. 20)
- **Lead-Based Paint (LBP):** "The project site was visually inspected for areas that might contain lead-based paint. No obvious visual indications of lead-based paint were noted on the project site at the time of the on site inspection. No materials were tested for lead-based paint." (p. 21)
- **Lead in Drinking Water:** This issue was not addressed in the Environmental Assessment Report.
- **Radon**: "According to the Final Report of the Texas Indoor Radon Survey by the Texas Department of

Health and Human Services, Radiation Control, Harris County has an average radon level of >0.5 pico curies per liter. This value is below the Environmental Protection Agency (EPA) action level of 4 pico curies per liter." (p. 21)

Recommendations: This assessment has revealed no evidence of recognized environmental conditions in connection with the property and there is no evidence or reason to suggest that the project site or adjoining properties are of sufficient environmental concern to warrant additional investigations at this time. As the ESA did not address several items specifically requested under the Department's guidelines, receipt, review and acceptance of a letter amendment to the ESA to address the issues of noise, floodplain and lead in the drinking water prior to commitment is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Two hundred and thirty-six of the units (100% of the total) will be reserved for low-income tenants. All two hundred and thirty-six of the units (100%) will be reserved for households earning 60% or less of AMI

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated June 8, 2006 was prepared by Apartment MarketData, LLC ("Market Analyst") and included the following findings:

Secondary Market Information: A secondary market was not identified in the Market Study.

Definition of Primary Market Area (PMA): "The boundaries of the Primary Market Area are as follows: North-Windfern Road, East-Fairbanks N. Houston Road, South-W. Little York Road, West-State Highway 6." (p. 30) This area encompasses approximately 28 square miles and is equivalent to a circle with a radius of three miles.

Population: The estimated 2005 population of the PMA was 83,753 and is expected to increase by 12% to approximately 93,744 by 2010. Within the primary market area there were estimated to be 28,887 households in 2005.

Total Market Demand: The Market Analyst utilized a household size-appropriate adjustment rate of 96.84% (p. 50). The Analyst's income band of $23,520 to $39,540 (p. 44) results in a income-tenure appropriate adjustment rate of 7.18% which is specific to the general population (p. 48) The Market Analyst indicates a turnover rate of 63.3% applies based on the IREM Income and Expense publication. (p. 49)

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	30	2.3%	39	2.9%
Resident Turnover	1,290	97.7%	1,310	97.1%
Other Sources:		%		%
TOTAL DEMAND	**1,321**	**100%**	**1,349**	**100%**

p. 51

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 17.87% based upon 1,321 units of demand and 236 unstabilized affordable housing in the PMA (including the subject) (p. 51). The Underwriter calculated an inclusive capture rate of 17.87% based upon a revised demand estimate for 1,349 affordable units. (It should be noted that two currently proposed developments 060613 Stonehaven and 060619 Rolling Creek are located just outside of the Market Analysts primary market area for the subject and therefore were not considered in the inclusive capture rate).

Unit Mix Conclusion: "It is our opinion, given current occupancies and the forecasted household growth, that the subject unit mix, for all purposes, will meet the needs of lower and median income families within the sub-market." (p. 91)

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 2,133 units in the market area. (p. 96)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$625	$625	$0	$670	-$45
2-Bedroom (60%)	$751	$751	$0	$830	-$79
3-Bedroom (60%)	$862	$862	$0	$1,150	-$288

(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 93.1% as a result of stable demand. Demand for newer rental apartment units is considered to be growing" (p. 86)

Absorption Projections: "Absorption over the previous sixteen years for all unit types is estimated to be 267 units per year. We expect this to continue as the number of new household continues to grow, and as additional rental units become available." (p. 86)

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the West submarket #15 within the Houston MSA. According to the Department market study; there are a negative 36 units of demand for one-bedroom units at the 60% income level; a negative 32 units of demand for two-bedroom units at the 60% income level; and a negative 14 units of demand for three-bedroom units at the 60% income level (p. III-587).

The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attracted away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied). The Underwriter requested additional information from the market analyst. The market analyst submitted additional information as follows to support the original demand conclusions.

> ***Multi-Family Housing Needs Assessment – Vogt, Williams & Bowen, LLC***
> *"Vogt, Williams & Bowen, LLC prepared a report for the Texas Department of Housing and Community Affairs assessing the multi-family housing needs for the Houston MSA. The Meadowlands Apartments lies within sub-market #15 – "West" of this report.*
> *The first issue the reader of this market study must understand is that the Vogt, Williams & Bowen report does not conform to the TDHCA's - 2006 Real Estate Analysis Rules and Guidelines for a market study in either size of the Primary Trade Area or Demand Methodology.*
> *The "West" submarket of the Vogt report contains a reported 362,787 people. This is 3.6 times the maximum population allowable for a market study (100,000 max. population); and encompasses an area of 119 square miles. Those familiar with the apartment rental market of this area could identify at least three very distinguishable rental markets. This would include the State Highway 290, SH 249 and Interstate 45 corridors. This makes the conclusions of the Vogt report too general for a specific site within the study area. Additionally, the demand methodology of the Vogt report only uses two components of demand. Per the report, it only assesses "new income-appropriate household growth and replacement or renovation of existing product" (page III-582). The demand justification for an "affordable" project relies largely upon income qualified households already living within the Primary Trade Area. When underwriting, TDHCA uses as much as 98% of the demand from income qualified households already living within the study area. Applying the demographic information provided in the Vogt report to the TDHCA's capture rate analysis, we come to a very different conclusion." (p. 110)*

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2006, maintained by Harris County Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electricity only.

Expenses: The Applicant's total annual operating expense projection at $3,996 per unit is within 5% of the Underwriter's estimate of $4,152, derived from the TDHCA database. In addition, each of the Applicant's specific expense line items compare well to the Underwriter's estimates.

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

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cash flow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (5.01) acres	$1,310,982	**Assessment for the Year of:**	2006
Tax Rate:	3.19697	**Valuation by:**	Harris County Appraisal District

ASSESSED VALUE

Land: (6.19) acres	$809,550	**Assessment for the Year of:**	2006
Tax Rate:	3.19697	**Valuation by:**	Harris County Appraisal District

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (5.01 acres)		
Contract Expiration:	10/1/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$611,060	**Other:**	Earnest Money: $7,500
Seller:	Patrick Thomas Properties, Inc., Trustee	**Related to Development Team?**	☐ Yes ☒ No

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (6.19 acres)		
Contract Expiration:	10/1/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$674,625	**Other:**	Earnest Money: $7,500
Seller:	Patrick Thomas Properties, Inc., Trustee	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $114,793 per acre or $5,448 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,297 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 $135.8K or 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. However the Applicant's estimate of contingencies exceed the Department's 5% guideline by $303K and therefore this amount has been effectively moved to ineligible costs. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by $45,473 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 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 $20,215,765 supports annual tax credits of $951,354. 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, Inc. **Contact:** Rick Monfred

Tax-Exempt: $13,500,000 **Interest Rate:** 6.0%, fixed **Amort:** 480 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

TAX CREDIT SYNDICATION

Source: MMA Financial, Inc. **Contact:** Marie Keutmann

Proceeds: $8,992,000 **Net Syndication Rate:** 98% **Anticipated HTC:** $917,656/year

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $401,313 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and privately placed by MMA Financial, Inc. The permanent financing commitment is consistent with the terms reflected in the original 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 $401,313 amount to 15% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $13,500,000 indicates the need for $9,393,313 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $958,597 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($967,760), the gap-driven amount ($958,597), and eligible basis-derived estimate ($951,354), the Applicant's eligible basis-derived estimate of $951,354 is recommended resulting in proceeds of $9,322,336 based on a syndication rate of 98%. The Underwriter's recommended financing structure indicates the need for $70,977 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cash flow within one year of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, and General Contractor 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.
- The Limited Partner of the Developer, GMAT Development, Ltd., submitted an unaudited financial statement as of June 30, 2006 reporting total assets of $2.6M and consisting of $1.0M in cash, and $1.6M in other current assets. Liabilities totaled $651K, resulting in a net worth of $1.9M.
- The member of the General Partner of the Developer, Commercial Investment Services, Inc., submitted an unaudited financial statement as of July 11, 2006 reporting total assets of $68.4K and consisting of $58.4K in cash, and 10K in other assets. Liabilities totaled $24K, resulting in a net worth of $44.4K.
- The principals of the General Partner, Manish Verma and Greg Thorse, submitted unaudited financial statements as of June 30, 2006 and are anticipated to be guarantors of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- 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:**	August 22, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 22, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Meadowland, Houston,4% HTC/MRB #060610

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC (60%)	60	1	1	727	$686	$625	$37,500	$0.86	$61.00	$29.00
TC (60%)	104	2	2	920	823	$751	78,104	0.82	72.00	34.00
TC (60%)	72	3	2	1,261	951	$862	62,064	0.68	89.00	46.00
TOTAL:	236		AVERAGE:	975	$827	$753	$177,668	$0.77	$74.39	$36.39

INCOME	Total Net Rentable Sq Ft: 230,092		TDHCA	APPLICANT		
POTENTIAL GROSS RENT			$2,132,016	$2,132,016	Comptroller's Region / IREM Region	6 / Houston
Secondary Income	Per Unit Per Month:	$15.00	42,480	42,480	$15.00	Per Unit Per Month
Other Support Income: (describe)			0		$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME			$2,174,496	$2,174,496		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(163,087)	(163,092)	-7.50%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions			0			
EFFECTIVE GROSS INCOME			$2,011,409	$2,011,404		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.57%	$389	0.40	$91,913	$77,064	$0.33	$327	3.83%
Management		3.60%	307	0.31	72,436	90,514	0.39	384	4.50%
Payroll & Payroll Tax		11.97%	1,020	1.05	240,823	230,541	1.00	977	11.46%
Repairs & Maintenance		5.32%	453	0.46	106,989	96,774	0.42	410	4.81%
Utilities		2.62%	223	0.23	52,668	58,464	0.25	248	2.91%
Water, Sewer, & Trash		4.30%	366	0.38	86,477	73,464	0.32	311	3.65%
Property Insurance		3.59%	306	0.31	72,264	69,027	0.30	292	3.43%
Property Tax	3.19697	8.40%	716	0.73	169,018	159,800	0.69	677	7.94%
Reserve for Replacements		2.35%	200	0.21	47,200	47,200	0.21	200	2.35%
Other: compl fees		2.00%	170	0.17	40,168	40,168	0.17	170	2.00%
TOTAL EXPENSES		48.72%	$4,152	$4.26	$979,957	$943,015	$4.10	$3,996	46.88%
NET OPERATING INC		51.28%	$4,371	$4.48	$1,031,452	$1,068,389	$4.64	$4,527	53.12%
DEBT SERVICE									
MMA Financial		44.31%	$3,777	$3.87	$891,346	$948,440	$4.12	$4,019	47.15%
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		6.97%	$594	$0.61	$140,106	$119,949	$0.52	$508	5.96%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.13			
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)		5.75%	$5,448	$5.59	$1,285,685	$1,285,685	$5.59	$5,448	5.62%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.70%	7,297	7.48	1,722,059	1,722,059	7.48	7,297	7.52%
Direct Construction		48.48%	45,965	47.15	10,847,779	10,983,581	47.74	46,541	47.98%
Contingency	5.00%	2.81%	2,663	2.73	628,492	938,440	4.08	3,976	4.10%
General Req'ts	6.00%	3.37%	3,196	3.28	754,190	758,769	3.30	3,215	3.31%
Contractor's G & A	1.81%	1.02%	966	0.99	228,037	228,037	0.99	966	1.00%
Contractor's Profit	6.00%	3.37%	3,196	3.28	754,190	755,373	3.28	3,201	3.30%
Indirect Construction		5.21%	4,939	5.07	1,165,679	1,165,679	5.07	4,939	5.09%
Ineligible Costs		3.35%	3,179	3.26	750,232	750,232	3.26	3,179	3.28%
Developer's G & A	3.72%	2.89%	2,744	2.81	647,557	715,283	3.11	3,031	3.12%
Developer's Profit	11.28%	8.79%	8,335	8.55	1,967,029	1,967,029	8.55	8,335	8.59%
Interim Financing		5.95%	5,636	5.78	1,330,146	1,330,146	5.78	5,636	5.81%
Reserves		1.31%	1,242	1.27	293,000	293,000	1.27	1,242	1.28%
TOTAL COST		100.00%	$94,805	$97.24	$22,374,075	$22,893,313	$99.50	$97,006	100.00%
Construction Cost Recap		*66.75%*	***$63,283***	***$64.91***	***$14,934,747***	***$15,386,259***	***$66.87***	***$65,196***	*67.21%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
MMA Financial	60.34%	$57,203	$58.67	$13,500,000	$13,500,000	$13,500,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,636,839
HTC Syndication Proceeds	40.19%	$38,102	$39.08	8,992,000	8,992,000	9,322,336	% of Dev. Fee Deferred
Deferred Developer Fees	1.79%	$1,700	$1.74	401,313	401,313	70,977	3%
Additional (Excess) Funds Req'd	-2.32%	($2,200)	($2.26)	(519,238)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$22,374,075	$22,893,313	$22,893,313	$5,160,320

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Meadowland, Houston,4% HTC/MRB #060610

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.23	$11,326,758
Adjustments				
Exterior Wall Finish	2.20%		$1.08	$249,189
Elderly/9-Ft. Ceilings	3.00%		1.48	339,803
Roofing			0.00	0
Subfloor			(0.75)	(171,802)
Floor Cover			2.22	510,804
Porches/Balconies	$20.33	23,052	2.04	468,647
Plumbing	$680	528	1.56	359,040
Built-In Appliances	$1,675	236	1.72	395,300
Stairs	$1,900	92	0.76	174,800
Enclosed Corridors	$39.31		0.00	0
Heating/Cooling			1.73	398,059
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$63.50	4,880	1.35	309,856
Other:			0.00	0
SUBTOTAL			62.41	14,360,453
Current Cost Multiplier	1.04		2.50	574,418
Local Multiplier	0.89		(6.87)	(1,579,650)
TOTAL DIRECT CONSTRUCTION COSTS			$58.04	$13,355,222
Plans, specs, survy, bld prmt	3.90%		($2.26)	($520,854)
Interim Construction Interest	3.38%		(1.96)	(450,739)
Contractor's OH & Profit	11.50%		(6.67)	(1,535,850)
NET DIRECT CONSTRUCTION COSTS			$47.15	$10,847,779

PAYMENT COMPUTATION

Primary	$13,500,000	Amort	480
Int Rate	6.00%	DCR	1.16
Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.16
Additional		Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$891,346
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$177,043

Primary	$13,500,000	Amort	480
Int Rate	6.00%	DCR	1.20
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20
Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,132,016	$2,195,976	$2,261,856	$2,329,711	$2,399,603	$2,781,797	$3,224,865	$3,738,503	$5,024,235
Secondary Income	42,480	43,754	45,067	46,419	47,812	55,427	64,255	74,489	100,107
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,174,496	2,239,731	2,306,923	2,376,130	2,447,414	2,837,224	3,289,120	3,812,992	5,124,342
Vacancy & Collection Loss	(163,092)	(167,980)	(173,019)	(178,210)	(183,556)	(212,792)	(246,684)	(285,974)	(384,326)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,011,404	$2,071,751	$2,133,904	$2,197,921	$2,263,858	$2,624,432	$3,042,436	$3,527,018	$4,740,017
EXPENSES at 4.00%									
General & Administrative	$77,064	$80,147	$83,352	$86,687	$90,154	$109,686	$133,450	$162,362	$240,336
Management	90,514	93229.6425	96026.53176	98907.32771	101874.5475	118100.5218	136910.8731	158717.2256	213302.6792
Payroll & Payroll Tax	230,541	239,762	249,353	259,327	269,700	328,131	399,222	485,714	718,976
Repairs & Maintenance	96,774	100,645	104,670	108,857	113,212	137,739	167,581	203,888	301,803
Utilities	58,464	60,803	63,235	65,764	68,395	83,213	101,241	123,175	182,329
Water, Sewer & Trash	73,464	76,403	79,459	82,637	85,942	104,562	127,216	154,778	229,109
Insurance	69,027	71,788	74,660	77,646	80,752	98,247	119,532	145,429	215,271
Property Tax	159,800	166,192	172,840	179,753	186,943	227,445	276,722	336,674	498,361
Reserve for Replacements	47,200	49,088	51,052	53,094	55,217	67,180	81,735	99,443	147,200
Other	40,168	41,775	43,446	45,184	46,991	57,172	69,558	84,628	125,270
TOTAL EXPENSES	$943,015	$979,831	$1,018,092	$1,057,855	$1,099,181	$1,331,476	$1,613,167	$1,954,809	$2,871,957
NET OPERATING INCOME	$1,068,389	$1,091,920	$1,115,812	$1,140,065	$1,164,678	$1,292,956	$1,429,269	$1,572,208	$1,868,059
DEBT SERVICE									
First Lien Financing	$891,346	$891,346	$891,346	$891,346	$891,346	$891,346	$891,346	$891,346	$891,346
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	$177,043	$200,574	$224,465	$248,719	$273,332	$401,610	$537,923	$680,862	$976,713
DEBT COVERAGE RATIO	1.20	1.23	1.25	1.28	1.31	1.45	1.60	1.76	2.10

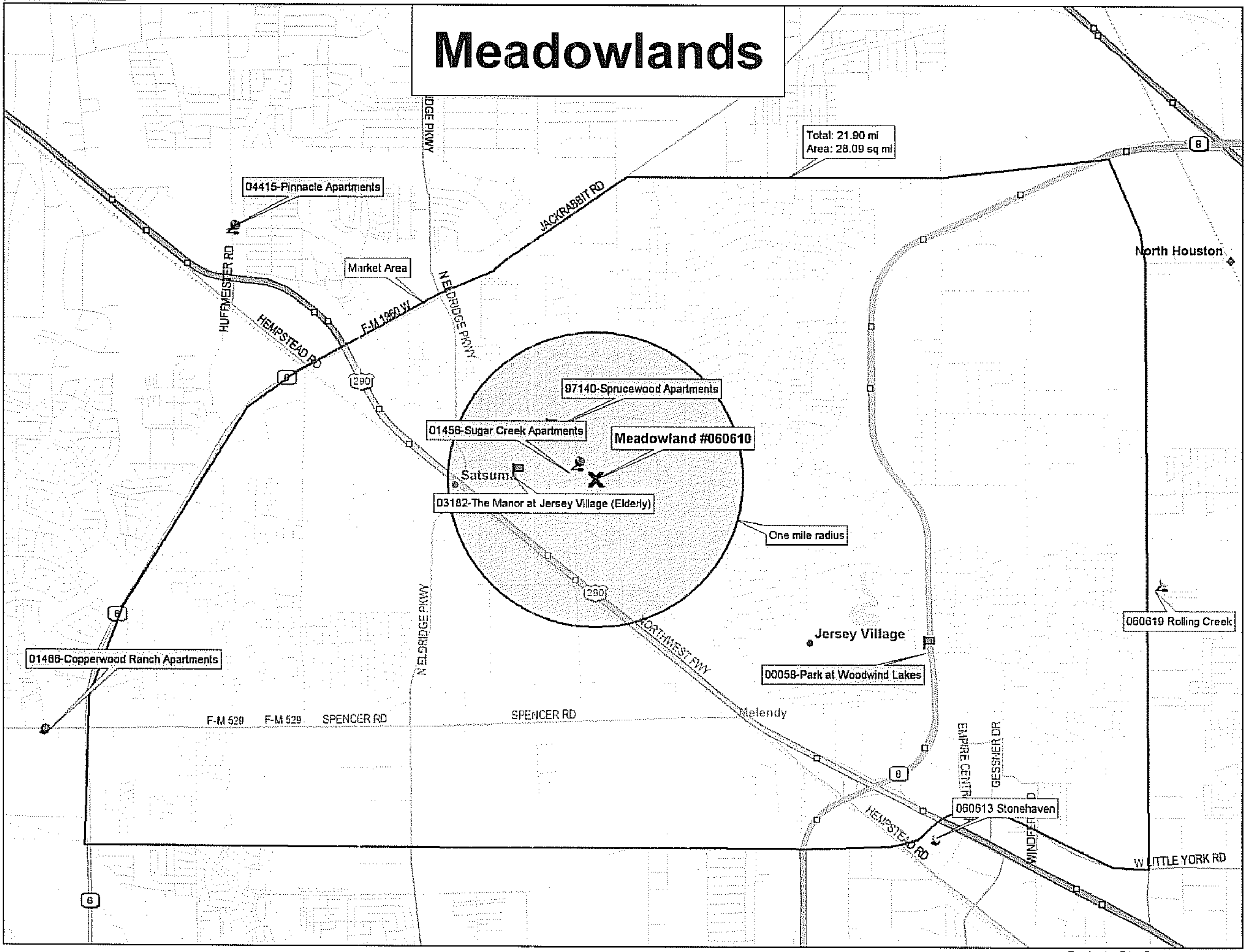
HTC ALLOCATION ANALYSIS -Meadowland, Houston,4% HTC/MRB #060610

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	$1,285,685	$1,285,685		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,722,059	$1,722,059	$1,722,059	$1,722,059
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,983,581	$10,847,779	$10,983,581	$10,847,779
(4) Contractor Fees & General Requirements				
Contractor overhead	$228,037	$228,037	$228,037	$228,037
Contractor profit	$755,373	$754,190	$755,373	$754,190
General requirements	$758,769	$754,190	$758,769	$754,190
(5) Contingencies	$938,440	$628,492	$635,282	$628,492
(6) Eligible Indirect Fees	$1,165,679	$1,165,679	$1,165,679	$1,165,679
(7) Eligible Financing Fees	$1,330,146	$1,330,146	$1,330,146	$1,330,146
(8) All Ineligible Costs	$750,232	$750,232		
(9) Developer Fees			$2,636,839	
Developer overhead	$715,283	$647,557		$647,557
Developer fee	$1,967,029	$1,967,029		$1,967,029
(10) Development Reserves	$293,000	$293,000		
TOTAL DEVELOPMENT COSTS	$22,893,313	$22,374,075	$20,215,765	$20,045,158

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		$20,215,765	$20,045,158
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$26,280,494	$26,058,705
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$26,280,494	$26,058,705
Applicable Percentage		3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$951,354	$943,325
Syndication Proceeds	**0.9799**	**$9,322,336**	**$9,243,662**

Total Tax Credits (Eligible Basis Method)	**$951,354**	**$943,325**
Syndication Proceeds	**$9,322,336**	**$9,243,662**
Requested Tax Credits	**$967,760**	
Syndication Proceeds	**$9,483,100**	
Gap of Syndication Proceeds Needed	**$9,393,313**	
Total Tax Credits (Gap Method)	**$958,597**	

Meadowlands



Applicant Evaluation

Project ID # **060610** Name: **Meadowlands 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 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: 5

in noncompliance: 0

Projects not reported in application Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 7/28/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (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	M. Tynan	Reviewer	David Burrell
Date	7 /28/2006	Date	7 /27/2006	Date	7 /31/2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	8 /1 /2006	Date	8 /2 /2006	Date	8 /1 /2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Meadowlands Apartments

Public Hearing

Total Number Attended	206
Total Number Opposed	205
Total Number Supported	1
Total Number Neutral	0
Total Number that Spoke	36

Public Officials Letters Received

Opposition	2
State Representative Gary Elkins	
County Commissioner Jerry Eversole	
Support	0

General Public Letters and Emails Received

Opposition Total	1,187
Community Petition	1,142
Individual letters and emails	45
Support	0

Summary of Public Comment

1. saturation of affordable housing in the area
2. high vacancy rates of other developments in the area
3. no public transportation
4. decline in property values which will create a decline of the area
5. local school district cannot support the additional students
6. concentration of economically disadvantaged children in the area
7. additonal stress on the local volunteer fire department and other local emergency services
8. increased traffic congestion
9. increase in crime

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MEADOWLANDS APARTMENTS

PUBLIC HEARING

Meeting Room
Harris County Public Library
Northwest Branch
11355 Regency Green Drive
Cypress, Texas 777469

August 9, 2006
6:10 p.m.

BEFORE:

SHARON GAMBLE, TDHCA Housing Specialist

ALSO PRESENT:

SHANNON ROTH, TDHCA Housing Specialist
DAVID DANENFELZER, TDHCA Multifamily Program Administrator
MANISH VERMA, Developer, Commercial Investment Services, Inc.

GREG THORSE, Developer, Commercial Investment Services, Inc.

I N D E X

P R O C E E D I N G S

MS. GAMBLE: Okay, ladies and gentlemen, we're going to go ahead and get started. My name is Sharon Gamble; I'm with the Texas Department of Housing and Community Affairs.

And I'm just going to give you an overview of kind of how this hearing is going to go tonight so that we kind of all know what to expect. We're going to have a presentation of the programs that the developer has applied for and we're going to do that, and then the developer is going to come forward and he's going to do a brief presentation on the specifics of the development. Afterwards, I will read a speech that is required by the IRS that I read -- that's at the conclusion of the developer's presentation. Then at that time we're going to open the floor for public comment.

We have a number of people who wish to speak tonight, and in order to try to get everybody on record, we're going to limit speakers to two minutes. Okay? So please keep that in mind. We have a timer; when you hear the beep, please know that it's time for us to move on from that comment.

According to IRS Code, the department is only required to take public comment on bond issuance, however, TDHCA has extended this to take comment on the development itself. We're not required to do this but we want community input. TDHCA schedules the public hearing where the development is to be located and at a time and location that is convenient for the community.

The two programs the developer has applied for include the Private Activity Bond Program and the Housing Tax Credit Program. Both programs were created by the Federal Government to encourage private industry to build quality housing that is affordable to individuals and families with lower than average incomes.

The Private Activity Bond Program refers to the issuance of tax-exempt bonds. The tax exemption is not an exemption of property tax but rather an exemption to the purchaser of the bonds. The bond purchaser does not have to pay taxes on their investment and the income they make on that investment. The bond purchaser accepts a lower rate of return, therefore, the lender that is involved will charge a lower interest rate for the mortgage that will be placed on the property to the developer.

The Housing Tax Credit was created as a result of the Tax Reform Act of 1986. The Housing Tax Credit is an investment to the investor that purchases the tax credits. It is an IRS credit to the development unrelated to property taxes. The Housing Tax Credit provides equity to the development which allows the developer to provide lower rents to affordable tenants.

In conclusion, with both of these programs, the tax benefit goes to the investors that help finance the development. This is what gives the development the opportunity to bring something of high quality to your area. All of these properties are privately owned and privately managed.

The ongoing responsibilities between the affordable housing development and TDHCA includes state compliance monitoring. The compliance period with the state is the greater of 30 years or as long as bonds are outstanding. The oversight responsibilities include that units are occupied by eligible households, the physical appearance, rents are capped at appropriate levels, and repair reserve accounts are established and funded. Private activity bond developments are monitored every two years by TDHCA and desk reviews are done quarterly.

After lease-up, a survey is usually done to determine the tenant profile and the types of services that would be of interest to tenants. These services can include tutoring and honor roll programs, after school activity, health care, ESL classes, financial planning, down payment assistance. And that's the conclusion of our presentation.

At this time the developer is going to come forward and do a brief presentation about the development.

MR. VERMA: Thank you all for attending here this evening. My name is Manish Verma, and behind me is Greg Thorse. We are the developers of the proposed Meadowlands Apartments, and I want to give you just a brief overview of the project and then we'll start addressing some of the concerns you've had over the past few months.

This project is located on Steeplepark Drive and Steepleway Boulevard; it's over 11.2 acres; it's 236 units; we have 60 one-bedroom units, 104 two-bedroom units, and 72 three-bedroom units.

It is an affordable housing project at 60 percent of area median income. That means households ranging anywhere from $25,000 to $38,000 would be eligible to live in this community.

Some of our amenities include: disposals and dishwashers; nine-foot ceilings; 30-year shingles; ceiling fans with light kits in all bedrooms; there will be a playground, Tot Lot; Cat 5 wiring in all the units; mini blinds; barbecue grills and picnic tables; controlled gate access with a full perimeter fence; and equipped business center and fitness center, and swimming pool. As you can see, it's going to be a fantastic project with all the latest amenities.

Over the past six months we've been in contact with many of you here, starting in January as we sent out notification letters about our project to all the public officials. On January 23 we received a letter from Betty Hattman from Steeplechase CIA, and she expressed her interest in the project, and at that time wanted to begin conversation about the project. Back in January we were still in our early stages and I expressed to her that once we were close, we would contact her.

Back on April 19 we met with Betty Hattman, Nace Peard, and Jim Andrews of the Steeplechase Association; on April 19 we met with H.D. Chambers of the Cypress-Fairbanks Independent School District; and then after hearing those comments and concerns, we went ahead and met with some other groups. On June 20 we were in contact with Jenna Schwartz with the Roller Point HOA; on June 22 met with Myra Chandler with PCMI who is the management company for this area; we also on June 22 met with Fred Edler who is with the Willow Bridge Homeowners Association; and on June 22 we met with the Windermere

Lakes Homeowners Association.

After those conversations there were concerns that were brought up and we were asked to speak with Sergeant McGehee, and we have talked to Sergeant McGehee to address some of the concerns of crime and so forth in the area. We talked with him on June 26, and also talked with Holly Cabat, who is the president of the Winchester Trails Homeowners Association.

On July 18 we had a public hearing with Steeplechase and other groups, and it was a group as large as this, at which point you were able to give some of your input, your concerns about the project.

What we hope to do today is address those concerns that you have addressed, and as mentioned then, as we've mentioned over the past six months, what we're trying to do here is partner with the community, work with each one of you, and we're trying to be a good neighbor with each and every one of you.

At this point Greg Thorse will start on his presentation, trying to address some of the many concerns that you have. Thank you.

MR. THORSE: Thank you, Manish.

So is everybody comfortable? As Manish said, neighborhood input: We invite neighborhood input; that's why we’re here tonight. As Manish said, we’ve been through several meetings before, and we’re trying to get your input, we’re trying to get neighborhood input. We’ve let people know our properties that we’re involved in the community and we try to work with them as best we can.

The feedback from the neighborhood that we’ve heard: it will increase traffic; it will increase the number of already-vacant units, and we do not need more apartments; it will lower our property values; it will overburden our schools; it will increase our crime rate, and we will have more sex offenders -- we actually heard that comment.

So traffic: When a community experiences growth, traffic increases. Alternative uses for this site would be retail or office, however, the number of cars or trip counts, as we call them, would be greater than in a multifamily property. As a single-family residential property, the site is not big enough, and it’s far to expensive. This property is and always will be best suited as a multifamily property.

According to Apartment Market Data, who surveyed the area encompassing the surrounding 29.08 miles, there were 7,560 units of which the overall occupancy was 93.1 percent. There were 536 affordable rate unit which had an overall occupancy of 96.8 percent. The percentage of affordable rate units to market rate represented only 7 percent of all units. According to O'Connor & Associates, in a three-mile radius the overall occupancy was 95.4 percent. Of the 53 Houston sub-sector markets that O'Connor surveys, this market had the highest absorption in the second quarter of April 2006. The project complies and meets with the Harris County concentration policies.

VOICE: Can you explain exactly what that means -- that Steeplechase absorbs the highest --

MS. GAMBLE: We will have a question-and-answer period.

We have a concern on the part of the library with the number of people in the room, which, of course, we knew was going to happen. Here's what we would like to do. We would like to -- obviously everybody cannot be in here at the same time. We will have transcripts available of everything that will be said here.

VOICE: No, we didn't come down here for that.

VOICE: You knew this was going to happen.

VOICE: Too bad, so sad. You should have figured more room.

VOICE: It's called a public hearing --

VOICE: That's right.

VOICE: -- which means the public is invited. If you knew this was going to happen, you should have had a different site.

(Many voices simultaneously.)

MS. ROTH: Could I have your attention, please? We contacted Cypress-Fairbanks ISD to hold this hearing at one of their facilities. Apparently this is the week they're either starting school or preparing for school start, and they would not give us a go-ahead to use any of their facilities. That is definitely our preference too, and we understand that we are cramped in here and it's a little uncomfortable, and we apologize for that.

We would definitely like to continue this hearing; we want to get everyone's comments. In order to do so and not affect the fire code, obviously, maybe if some of you could step out into the hallway, let us keep going, maybe you can rotate some people in and out. Like we were trying to say we --

VOICE: This meeting needs to be rescheduled in a proper place, because we --

MS. GAMBLE: We --

VOICE: We're going to formally protest this.

You knew -- this young lady made a statement that she knew this was going to happen, so if you know it's going to happen, why let it happen.

MS. GAMBLE: Okay, sir. We --

VOICE: Because they don't want you here.

VOICE: Yes, exactly.

MS. GAMBLE: We do want to hear your comments, and one of the ways we are trying to resolve this, if this were to come up, was that we'd like to continue and let the folks who signed up speak, and a copy from the transcript from our court reporter can be mailed to your home and we can take your comments in writing.

(Many voices simultaneously.)

VOICE: It's called a public hearing.

VOICE: No way.

VOICE: Not public hearsay, public hearing.

VOICE: Can this meeting be rescheduled?

MS. ROTH: We can address that issue, but at this time she and I do not have the authority to make that decision. That is something we can take --

VOICE: You work for us, the taxpayers. Right? We're your bosses; you've got the authority from me.

MS. ROTH: Well, that is an issue we will address with our supervisor tomorrow when we get back to the office. That's definitely a valid --

VOICE: Can we go outside?

MS. ROTH: I don’t think we have the capability for our court reporter to go outside.

(Many voices simultaneously.)

VOICE: Our representative is here, Representative Elkins.

VOICE: Let’s go outside in the parking lot or in the grassy area.

VOICE: Can you possibly schedule a series of meetings?

MS. ROTH: We can attempt to do that, but what I’m telling you is at this point Sharon and I have no -- we can’t make that decision right now.

VOICE: Cancel the meeting now and do it. Get the permission. This whole thing needs to be postponed and rescheduled.

(Many voices simultaneously.)

(Pause.)

MR. PEARD: Can I have your attention, please? My name is Nace Peard. I’m on the Steeplechase HOA and the MUD Board 168.

Obviously you see the crisis here. She tried to call her boss; she got a cell phone, of course, but they're going to make every effort to reschedule this meeting. The legal process to be documented on record has to be followed.

This was wrong, we know it. We're limited to two minutes instead of three minutes as the public meeting Monday, but we have to at least try and get this underway. So they're going to try and address having another meeting, and we could possibly even start from the get-go, but we should really try to accomplish this meeting tonight.

I know my wife is here. I know that some of you have spouses here. If they could possibly go read a book or, you know, step out from a safety standpoint where we could proceed and get underway; otherwise, we're going to be doing nothing but upsetting everybody, and I don't like it either but we've got to go forward as best we can.

MS. HATTMAN: On behalf of the Steeplechase board, we'll work with these folks to get another hearing, and if necessary, because there's timing requirements, and I know that the board meeting is August 30. We will request that that be moved up, and, you know, quite honestly, from my view -- and I'm not an attorney -- but it seems that if the accommodations are not adequate for the public hearing, that we would certainly ask our attorneys to move against that and file a formal request.

But all of you have come out. We've all prepared comments, or many of us have, and I would ask that we move forward and do so in a civil manner and follow their protocol here.

And we’re not taking questions at this time. I think they -- you know, we’re not trying to take over the meeting, some kind of mob rule. I think we should proceed with the meeting. It's been noted and it will be noted in the record that we are formally requesting additional meeting because the facility here is simply to small to accommodate everybody.

VOICE: Betty, do we have a count of how many people we actually have here tonight?

MS. ROTH: We will because you’ve all signed in. We will have a count of how many people were here; it will definitely be noted how many people showed up. They’re out there for people to sign as they come in, and as we leave we’ll pick them up, so they’re out there for the duration of the meeting.

VOICE: Would somebody by the door make sure that everybody out there has signed in?

(Many voices simultaneously.)

VOICE: We are going to have to absolutely reduce the number of people in the room for safety.

(Many voices simultaneously.)

VOICE: We're going to ask that we have no more than 20 people standing in the --

(Many voices simultaneously.)

MR. DANENFELZER: For those people who have provided public comment, once you’ve spoken, please rotate out so we can get other speakers in. If you’ve filled out an affirmation form and want to speak, please line up outside the door, but if you’re not here to actually speak and provide comment, we’ll ask that you wait outside. And remember, we are going to be able to provide you with transcripts of the meeting.

(Many voices simultaneously.)

MR. DANENFELZER: We're not here to debate the issue. I have to make sure that this room is safe for fire reasons.

(Many voices simultaneously.)

MS. ROTH: We’d like to go ahead -- if we could go ahead and proceed with the hearing.

(Many voices simultaneously.)

MR. DANENFELZER: You don't have to leave. You can wait outside, and we'll call your names as you come up for public --

(Many voices simultaneously.)

VOICE: Why can't this be canceled and rescheduled in a large enough area.

VOICE: It's poor planning on your part and not ours.

MR. DANENFELZER: The thing is, this is based on state statutes. As staff persons we do not have the right to violate state statutes.

(Many voices simultaneously.)

MR. DANENFELZER: I've contacted Robbye Meyer, who is the chief of this division, but I got her cell phone a while ago. I can tell you you’re all right: If this meeting goes forward, this is the official record. There will not be another one.

(Many voices simultaneously.)

VOICE: Let him speak.

MR. ELKINS: This public hearing is scheduled for August 30 in Austin, and this board is going to make a recommendation to either approve or deny based upon the public comment tonight. I am not happy having my petitions being thrown out of the meeting. What we can do is that everybody who wants to speak can speak, just have to line up and come forward and speak and then go outside and wait.

(Many voices simultaneously.)

MR. ELKINS: There will be -- I will put a letter in to Robbye Meyer tomorrow morning when we can get together and organize and figure out what our options are, but right now I'm just going to tell you if this meeting goes forward -- and it's going forward whether we cooperate or not.

VOICE: What if we all walk out?

VOICE: If we all walk out [inaudible].

VOICE: Why is it all right that even though in July there was a meeting that was heavily attended that they booked a space that is significantly too small and yet they can force the meeting to go through based on the fact that the fire codes are being violated based on the space that they chose, which is insufficient for what they should have anticipated the public's reaction would be. I don't understand.

MR. DANENFELZER: I'm not happy that we're in a room that won't even hold 50 people.

VOICE: Why can't we go outside?

VOICE: If we had booked this space --

(Many voices simultaneously.)

VOICE: There's a phone call being placed right now to the producer for Channel 11 News.

(Applause.)

(Many voices simultaneously.)

MS. ROTH: We're going to try to move on.

MR. ELKINS: This meeting is going to go on. You have made yourself present, and we appreciate everybody that has shown up, but there have been people who signed affidavits and will speak and get the opportunity to speak, but we cannot violate the fire code.

And for everybody's safety -- and I'm glad you're all here and you want to hear every bit of it, but we need to let this go on so that we go on record in opposition of what the developer wants to do.

VOICE: Can you set up speakers outside so we can hear what's going on?

(Many voices simultaneously.)

VOICE: Representative Elkins makes a very good point. As much as I would like to all walk out, too, if we do, then there will be no documented opposition to this project. We have to speak and the people that have signed the affidavits say their piece, because that does go on record, then all of us take this frustration and make public comments on their website to the way this is rammed at us and the way it was poorly handled.

VOICE: But if we don't hear everything, how do we know what we want to say?

MS. GAMBLE: Well, you filled out a form. Everybody that needs -- that wants to speak and have filled out a witness form needs --

MR. PEARD: Let's see if we can -- my wife is going to leave, I'm going to tell her what happened. Let's try and get into the safety mode where we can proceed and at least form some opposition against these guys.

VOICE: I filled out a form and haven't even made it into the room.

MS. ROTH: I will speak with Robbye tomorrow morning. We are not -- we are in the business of doing whatever we can to help the public. We will attempt to hold another hearing. Like I said, I have no authority to tell you today that's the case, but I will speak with her in the morning, and we will do our very best to get one set up.

(Many voices simultaneously.)

MR. PEARD: The representative made a very good suggestion which would still allow people who wanted -- and it may not solve everything, but it might get us a little closer to a solution: those people that wanted to speak to line up and line up out the room so that you have one person that's going to speak next is in the room.

I know it's not perfect, and those people that want to hear have the chance to hear. As has been mentioned, there will be a chance to check the public record; there will be a chance to make comments on the website.

The frustration is legitimate, but just as legitimate is the fact that we've got too many people in the room and it's a violation of the safety code. Let's appreciate that. Nobody is happy with the situation. If we can compromise, we can probably get through this.

VOICE: For all your argument where you said those people who want to listen can listen, we're all here because we want to listen. One possible solution has been suggested that we move it outside, find an extension cord or a plug for her so she can go ahead and take notes. I have no idea why this room -- again, they should have been able to anticipate it would be inadequate.

(Many voices simultaneously.)

VOICE: Excuse me, excuse me. You're talking about you ethically have to hold this meeting. Where were you ethics when you decided on such a small room?

MS. ROTH: Ma'am, like I said, we tried to get with the school.

VOICE: Why does ethics work your way, but it doesn’t work our way? That’s all I want to know. Answer that.

MS. ROTH: We'd like to -- the problem with moving it at this very moment to a new location is that by law we had to run an ad in the paper and post the hearing, and on there it said the address was for here. That is my concern.

(Many voices simultaneously.)

VOICE: Why don't you have the meeting closer to home instead of 20 miles away? There's nothing down there closer to Steeplechase?

(Many voices simultaneously.)

VOICE: Her question is that you realized that this space probably would be inadequate when you scheduled it, and yet you scheduled it; you advertised it in the paper as you’re required legally to do; however, this room is obviously and should have been expectedly inadequate for what you were going to need. Where were your ethics then?

MS. ROTH: By law we run the ad in the paper 30 days prior. At thirty days prior we had no knowledge of your meeting that took place in late July.

VOICE: You were hoping no one would read it.

VOICE: This is on a completely different subject, so I'm sure you'll be relieved. Is there a reason that we cannot get a printed or some type of format copy of their presentation? -- because without it we really can't form rebuttal.

MS. ROTH: I'm sure they would be happy to give you --

VOICE: I mean like right now, because if we can't be in the room to watch the presentation, at least we need to be informed enough to make a decision.

(Many voices simultaneously.)

VOICE: Why can't we just go outside? You haven't answered that.

MS. ROTH: I don't know, ma'am, if our court reporter can accommodate us outside; that's the problem.

(Many voices simultaneously.)

MR. ELKINS: I want to give a little speech just for a few minutes. I want this to be on the record: These meetings right here are very frustrating as public officials, not because of your meetings but because of the way the rules are written for the TDHCA. Tonight if you listened to her presentation that she first read, she only has to listen to testimony about the IRS bonds.

I know that none of you came tonight to talk about why the bonds should be denied. Everything else that you say tonight doesn't matter: Traffic doesn't matter, crowded schools doesn't matter, crime doesn't matter, everything that you think about tonight doesn't matter, because the rules say they're only to take testimony about why the bonds should be denied.

So we in the Harris County delegation have been fighting very hard to get these rules changed, but we only have 25 members in Harris County. We need 76 votes to change this process.

But right now I'm not personally against affordable housing. We all want people to have a great place to live, but San Antonio is begging for these developers to come over there and build affordable housing projects; Corpus Christi is begging. Right now I've got four projects going on in District 135. I was at a meeting Monday night fighting against a project; I'm here tonight fighting against another one.

We currently have five affordable housing projects right in our neighborhood, and their statistics that they're showing is for citywide. We want to know what's localized and locally there's about a 15 percent vacancy rate, and more apartments is not going to solve the problem.

So it’s very frustrating as a public official trying to get up here and argue you guys’ case when everything that we think is important to us they’ve already ruled out it just doesn’t matter, because everybody is going to complain about traffic; everybody is going to complain about overcrowding of schools, and everybody is going to complain about all the things that you’re concerned about, and they’ve written the rules in such a way that your opinion and what you think doesn’t matter.

VOICE: We’re one of four high-risk schools and this would only make that worse -- doesn’t matter?

MR. ELKINS: Doesn’t matter.

VOICE: Well, could you educate us how we could make a difference?

MR. ELKINS: You’ve got to go get the IRS bonds -- and that’s all this meeting is about tonight is why their IRS bonds should or should not be granted or denied.

VOICE: How should we argue that it should not? What is the basis to say no?

MR. ELKINS: I don’t know; I honestly don’t know.

VOICE: If that’s what it turns on, how can we not know that?

MR. ELKINS: I don't even know if the people from the TDHCA know what the rules are on the bonds.

VOICE: So basically the whole meeting is pointless to begin with.

MR. ELKINS: If you listened to their speech at the beginning, they said they do this as a courtesy to hear you, and all they're doing is hearing.

VOICE: Who decides that, though? Someone has to have input on that?

VOICE: What about the --

VOICE: Does the reputation of the builder and developer come into play?

MR. ELKINS: No.

VOICE: Representative, are these people not from San Antonio?

MR. ELKINS: I don't know where they're from.

VOICE: So if there's such a demand in San Antonio, why would they bother coming all this way?

MR. ELKINS: I don't have any idea.

VOICE: How many of these are being built in their backyard?

MR. ELKINS: None.

(Many voices simultaneously.)

VOICE: A couple of weeks ago when we met at Steeplechase, they said if they do not get approved for the bonds, they’re building anyway.

VOICE: No, they won't.

VOICE: It will be alternative housing. What's the difference between --

VOICE: If they don’t get federal government bonds, IRS bonds, then they go get private money, there is no public hearing, and we have no say on what they do with that land.

VOICE: Let's all go get our own bonds and build right next to them and rent cheaper than them.

(Many voices simultaneously.)

VOICE: If the water's available, they have to provide it.

VOICE: We own the water. 168 owns that water.

MS. ROTH: I do have Robbye on the phone and she would like to speak with you.

(Long pause.)

MS. ROTH: Can I have your attention, please? I’m Shannon Roth with the Texas Department of Housing, and I did finally get hold of my supervisor -- she’s at the airport in Midland and I finally was able to reach her. We’ve spoken with the developer, Manish and Greg, and we are going to do our best, and we are going to make an effort and get a meeting next week in a larger place. However, those of you who don't feel as though you can make it to another meeting next week, we do invite you to stay and make your comment tonight.

Those of you who want to make your comment next week, we are going to do our best to make a meeting at that time. However, flat out, the library is not going to let us keep this meeting with this many people.

So if you want to make a comment and you don't feel as though you can come next week -- and we are going to try to book for next Thursday, assuming we can put everything together -- we invite you to stay now and make that comment.

VOICE: It's the very same meeting you're having right now.

MS. ROTH: We have to be able to locate a place, for one thing, and I can't tell you at this point.

VOICE: What if the fire marshal shuts this whole meeting down when he gets here?

(Many voices simultaneously.)

MS. ROTH: Her words were we are going to do everything we can to get a meeting. I cannot tell you anything other than that.

(Many voices simultaneously.)

MS. ROTH: We're going to, I guess, proceed until the fire marshal comes and asks us to leave. I mean, we are doing our best is all I can tell you.

We would like to have your comments on the Meadowlands Apartments. You can do it here at our hearing or next week at the hearing we're going to try to set up for you. You're more than welcome to submit it in writing, e-mail, fax, however you'd like to do it.

When we present the development to the board, they will see there was a petition submitted with 900 signatures; they will see there were 100 people at the hearing; they will see that there was comment made in opposition. Our board will make that decision; I can't tell you what their decision will be. The TDHCA board will make the decision on whether to approve or deny the development.

VOICE: Has the board ever denied one of these?

MS. ROTH: Yes, they have.

So we're going to go ahead and if there's anybody here tonight --

VOICE: Ma'am, I have a question. Representative Elkins said it doesn't matter what we say tonight. Is that correct?

MS. ROTH: All I can tell you, sir, is I am here to take your comments. It will be presented to our board when they make the decision on whether to approve.

VOICE: Can you tell me if that's a correct statement?

MS. ROTH: I can tell you that our board will get a copy of the transcript, and they will be made aware that there were X number of people at this hearing, that there was a petition submitted. You're more than welcome -- you're invited to attend our meeting in Austin. I mean, that's the best I can tell you.

VOICE: Will you pay for our gas?

(Pause.)

MS. GAMBLE: Good evening. My name is Sharon Gamble, and I'd like to proceed with the public hearing. Let the record show that it is 7:03 p.m. on Wednesday, August 9, 2006, and we are at the Harris County Public Library Northwest Branch located at 11355 Regency Green Drive, Cypress, 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 issue of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue.

No decisions regarding the development will be made at this hearing. The department's board is scheduled to meet to consider the transaction on August 30, 2006. 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 August 18, 2006.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed $13,500,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to H.T. Seattle Slew, Ltd., or related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing and equipping a multifamily rental housing community described as follows: a 236-unit multifamily residential rental development to be constructed on approximately 11.2 acres of land located at approximately the northwest corner of Steeplepark Drive and Steepleway Boulevard, Harris County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower.

I would now like to open the floor for public comment. If you have signed up to speak, I will call out three names in the order in which you will speak. At that time, if those three people can make their way to the podium so that we can get as many people as possible, and use the microphone, state your name for the record, and you then have two minutes to make your comments.

If you have not already signed in and wish to speak, please grab a witness affirmation form, which is on the table in the back of the room and sign in now before we begin.

Thank you.

VOICE: Why are we being limited to two minutes?

MS. GAMBLE: Well, for one thing now, this library is going to close at 8:00. We want to get as much public comment on the record as we possibly can, so for that reason we're going to limit the comment to two minutes at this time. Thank you.

Diann Thurston? Bill Kuschmeider? Forgive me if I butcher your name. Regina Abruzzese? Who is making their way to the podium?

MS. ROTH: It doesn't matter whomever, just state your name for the record.

MS. ABRUZZESE: My name is Regina Abruzzese. I'm a resident of Steeplechase; I'm also on the board of directors for Churchill and Steeplechase.

And I guess part of what I wanted to say has changed now, I kind of want to get it on record that I know this room as a story-time room that I brought my children to; this is not a room for a public hearing.

I've been a resident of Steeplechase for 16 years. When I first moved into Steeplechase, we had two or three apartment complexes around us; we now have nine to ten within a one-mile area of my home.

I consider our area our little town. Our teachers are stressed, our schools are stressed, not enough police officers, there's no public transportation in our area, none. There are two hospitals within a very short distance; both of them, their emergency rooms and ICU beds are constantly full. This I know because my husband spent two days in the emergency room waiting for an ICU bed.

Our volunteer fire department volunteer. I did some checking on them. From 2004 to 2005, they had almost a 30 percent increase in the number of runs that they made that year.

I'm sorry; I'm a little nervous. I just wanted it to be known I think you're doing a disservice to these people that are going to live in this community. There are no amenities for them, there are no taxicabs, there are no buses. How are they going to get to the grocery store? Our schools are overcrowded. Cy-Ridge was just named one of the most persistently dangerous schools. This is the school these children are going to go to. We're doing them a disservice.

There is affordable housing in the area. Thank you.

MS. GAMBLE: Thank you.

(Applause.)

MR. KUSCHMEIDER: My name is Bill Kuschmeider. I've been a resident of Steeplechase since 1983 when it was first built. I've been there ever since, and I'm proud to live there.

I have to agree with her. I just lost two neighbors because their kids were going to go to Cy-Ridge school, and now they're nervous so they're moving further out.

Every time we have these meetings -- we had a meeting with the county when they were going through the county and we shot that one down. Every time we get these apartments in here, all we hear about is everybody is going to be screened as to who is moving in the apartments. My biggest fact is I don't have a problem with a single mom with two kids, I don't have a problem with that at all, I have a problem with the disgruntled boyfriend, the disgruntled ex-husband that we don't screen.

And if you watch the news, it is not the person that's living in the apartment, it's the ex-boyfriend, a relative, something else. How are they going to screen those people? Are we going to have security screening those people coming in there?

You know, it's the boyfriend comes over with two or three of his buddies, that's what we're looking at. You can screen the people that live in that apartment all day long, but that's not the problem, it's the people that they invite over to their apartment.

That's all I've got to say.

(Applause.)

MS. GAMBLE: Diann Thurston? The next three people: Nace Peard, Lisa M. Barko-Meaux, Ray Wachel.

MR. WACHEL: My name is Ray Wachel. I'm a resident of Steeplechase for the last 18 years, and I'm upset; I'm disgusted with this idea of low housing. I don't hear no low housing for little crippled old men and old ladies; it's all the mothers and their little children by 15 different husbands or boyfriends of whatever. I don't want to bring this trash in here that we've seen come in from Louisiana. I'm sorry, but you know what I'm talking about.

All I can say, you turn my hood that I've lived in for 18 years into another ghetto, another Greenspoint Mall area, well, I'm going to tell you something, any harm comes to my family, the hell is on. And I tell you what, I wonder how many of you people live around these people, these low-income people. How many have you got in your neighborhood? None. How many apartments do you have? Bull crap, you don't care nothing about the people. All you want is that money.

Anyway, I'm disgusted with this project, and I hope it does not go through. We've got enough apartments and enough crap in our area and we ain't got law enforcement. They all tell you we can't handle it all. Well, you know what, you should provide the police department for those ghetto places. Don't take it out on us. We pay for our sheriff to take care of our community, but as soon as something goes wrong, they go over there where they're not paying.

And I know you don't pay school taxes like we homeowners do. You pay for the footprint and not the high rise, so you've got a bunch of kids coming to our schools, taxing the hell out of me to pay for these kids, and you know what, they're all trash, most of them. They're going come in and tear the schools up.

Goodbye, good luck.

MS. BARKO-MEAUX: Good evening. My name is Lisa Barko-Meaux, and I'm a resident at Willow Bridge and I've been there for about three years. I love my neighborhood, love my neighbors, and I'm very, very opposed to this project.

I've been told this evening that the things that I hold very important to me -- crime, schools, safety -- are not valued because the only thing that matters is if the IRS bonds can be proven to be denied.

Well, I think the rules should be rewritten because a lot of these low income, moderate income projects are built in residential areas with people like all of you in this room, and these things are very important to each and every one of us, and to find that they're not valued is very disheartening, and those rules need to be rewritten and re-examined.

I also wanted to point out that the statistics that were used in the presentation, the very small part that we did see, were citywide and we need to be looking at local statistics, those are what's important.

Thank you.

(Applause.)

MR. PEARD: My name is Nace Peard. I've lived in the Steeplechase subdivision since 1989. I'm a member of the Steeplechase HOA as well as the MUD 168.

We respectfully request that the board deny the tax credits that are applied for here for the Meadowlands. We don't want the apartments, we don't need the apartments.

It is understood that TDHCA's job is just to look at the application and approve or not approve the tax credits. It is not to oversee where and what is the best location for low-income affordable housing; that is the developer's job. And no offense, but their job is to make money. They are not looking at what is in the best interest of the community and the surrounding community, they are looking at it as a development project to make money.

As Representative Elkins has said and as Lisa just mentioned, the problem is the process. Everyone in the room, everyone outside needs to be fully aware of what we can do. I do not agree with Representative Elkins that this doesn't matter.

I think our frustration and any public comments we make will matter. Whether they choose to make it matter, he's exactly right, they can throw it out and not give a flip and say we're going to give the tax credits anyway. But you've got to believe that our vote and us as constituents has a say-so and we want the board to listen to us that we don't want this.

We want this to go to the people that need it which will be in San Antonio or Corpus Christi or southeast Houston -- which was on the Houston Chronicle two weeks ago, they are begging for these apartment projects in that area. When you have this kind of turnout, it shows that we don't want it.

A fact of the matter is that the Point at Steeplechase apartment complex across the street of this proposed project filed for bankruptcy under Chapter 11 on March 22, '06, Case Number 0640355.

In conclusion -- because at the Monday meeting they did allow three minutes per speaker and we're being shortchanged here -- in conclusion, it would be a disservice by the board of our tax money to give tax credits to an apartment complex that is not wanted or needed in this area, and it would also be a disservice to the constituents that live here that would be affected by the complex, and it would be a disservice to the people that this complex is being built for. There's plenty of affordable housing not only in houses but apartment complexes in the area, irrelevant of the citywide percentages that were shown.

So it is in our opinion, my opinion and the Steeplechase HOA and the MUD 168 that we respectfully request the board deny the tax credits for this development.

(Applause.)

MS. GAMBLE: James Andrews, William Olive, Elizabeth Hattman.

MR. ANDREWS: Good evening. My name is Jim Andrews. I'm a representative of Steeplechase neighborhood, have been a resident for almost eleven years, been a resident in the area for 15 to 16 years. I am on the HOA board of the Steeplechase Association.

I have concerns about the proposed development of this community. There is not Metro available to individuals that might be living in this complex. There are no sidewalks, which puts some of the kids on the streets if they're moving back and forth, puts them in danger, their safety and their concern for their safety.

There are multiple apartment complexes in the area that have gone downhill ever since they've been built. I know that the majority of the people in my neighborhood that I speak with and I represent are opposed to this development and hope and wish that the board or the agency listens to us and hears us loud and clear that we do not want this development put in our neighborhood.

Thank you.

(Applause.)

MS. GAMBLE: William Olive?

MR. OLIVE: I'm Bill Olive. I've been a resident for eleven years, and I have some experience as far as HUD projects go. I'm a retired police officer, 31 years; about 12 of those years I worked HUD projects.

You're not bringing in momma and her baby. You're bringing in momma and her baby and her ex-husband, his brother that just got out of the joint and a crack dealer. You can't screen any of them. If they provide security for you, that one auto theft car that comes into the project doesn't get marked down, and that's happened to me. They run from you, you take crack off of them. Another one, you ask him why he's not working, he just got out of jail and living in that apartment.

My children's names when they were going up were Chuck, Beth and Lindsay. If you go into a HUD project, their names are Hey, MF, get over here -- more than one occasion. You're bringing in people with a different mindset, somebody that says give me and they're going to take, and they're coming through our neighborhood and they're going to take our neighborhood.

Auto theft, crack dealers, and these HUD project people, they travel from project to project, those are their friends, they don't have any outside friends, so when they're not at this project, they're going to be seeing their friends at another project, and that project is going to be right down the street from us.

You don't want this because -- I'm not saying I don't want this because if this thing gets approved, I'm gone because you will be in trouble, big time trouble.

(Applause.)

MS. GAMBLE: Elizabeth Hattman.

MS. HATTMAN: My name is Elizabeth Hattman, and I am on the Steeplechase Community Improvement Association board, and I've been chairing that board for the last five years.

I would actually like to speak to the application itself. In Volume 1 on page 30 regarding the ineligibility exception, I understand there's a one-mile, three-year rule, and basically I'll refer to .4 ineligibility exception. It says: As described in da-da-da, the proposed development located in -- and it lists counties, Harris being one of them, and located within one mile of an existing tax credit development -- that's the question -- the box is checked "No." However, in fact there are three tax credit properties less than a mile away.

One that just opened January 15 of 2006 is the Manor of Jersey Village; it's located in Jersey Village. It's at 12400 Castlebridge, so it has certainly been within less than three years. There are two other tax credit properties: Sugar Creek Apartments, which received housing tax credits and bonds in 2001-2002; it's basically on the same parcel of land, has 240 units.

And then also Sprucewood Apartments, which has 152 apartments. Your website incorrectly lists the zip code as 77068, but it is in fact at 12101 Steeplewood Boulevard, and the zip code is 77065.

So there are three tax credit properties all within a mile, one which just opened this past January.

So I believe that is an ineligibility and also I believe that the application incorrectly noted that there is no other tax credit apartment within a mile.

I would also like to urge all the residents of Steeplechase and everywhere else, we thank you all for coming out. This meeting certainly wasn't how we planned it. I urge you all not only to try to attend the meeting next week, assuming they can schedule it -- I know I can't because I have a commitment and I'll be out of town, but we'll be going to Austin on August 30 or whenever they hold the board meeting hearing, and I urge others to come with us. If need be, we'll get a bus. So please stay tuned, you'll get your e-mail bulletins, and we'll fight this all the way.

Thank you.

(Applause.)

MS. GAMBLE: Fred Edler, Sarah Morales, Gordon Cooper.

MS. MORALES: My name is Sarah Morales. I just moved to Steeplechase in October. We moved to this subdivision to get away from this type of projects -- is what I call them.

I was at the July 18 meeting and I just have a question for you. You said that 246 units were going up, and you said only 75 children, you predicted, would live in that community. Is that correct?

MR. VERMA: Yes, school-age children.

MS. MORALES: If that be the case, why in this thing that I'm reading here does it say 100 percent of the units will serve families? If you have 246 units or 236 and this is serving families, how do you come with your number of 75 children? That's what I want to know.

I've contacted some of your developments that you have in other cities, I've contacted Sprucewood, I've contacted Sugar Creek, and every one of them is in agreement that there's not just 75 children, there's beyond that.

I also contacted the Cy-Fair School District. Post Elementary -- which is where this development would be zoned to -- they're at 49.1 percent of economically disadvantaged students right now. There's only 920 students allowed there, they're projected to have 970 this year. Campbell's capacity is 1,350, they're scheduled to have 1,473 with a 28.7 percent economically disadvantaged. Cy-Ridge which has just been deemed as a dangerous school -- may I add there's only 40 dangerous schools in the United States -- 3,000 is their capacity and they're supposed to have 3,500 with a 32.3 percent economically disadvantaged.

Let me ask you this question: Would you want to send your kid to a dangerous school? So if you say yes to that, then you're telling me that you want these kids to go to a dangerous school. If you say no to that -- because if you're in your right mind, you wouldn't want your kids to go to a dangerous school -- then you wouldn't want to do a disservice to these children by sending them to a dangerous school.

So what I challenge you to do is not to build this project here and build it where it's needed, and it's not needed in our neighborhood.

(Applause and cheers.)

MR. EDLER: Hi. My name is Fred Edler. I'm president of the Willow Bridge Homeowners Association, chairman of the West Road Security Alliance, and I manage the MUD 11 area security contract with the Harris County Sheriff's Department with three deputies.

I'd like to go on record too saying that state officials insisted this meeting go forward, even though it's being held in violation of fire marshal capacity laws and it's put this audience at risk, and I think that's out of line.

I was asked to speak about the crime situation tonight, and I've got to cut it short, but basically our sheriff's department patrol deputies are stretched so thin that there really is no proactive policing in our general area.

If you want proactive policing and visible policing, you need to hire contract deputies at the rate of $50,000 apiece, and it goes up about 5 percent a year. This general area has about a dozen contract deputies, which means $600,000 a year is being paid above and beyond your tax money to make your community safe and have visible policing.

When the district deputies need backup, it goes to our contract deputies; they're pulled out of the contracts and we are left exposed and unprotected. And apartments in general and specifically low-income apartments draw our deputies a great degree out of our contracts and leave you unprotected.

It was mentioned that the developers are saying they're going to do background checks. Felons and undesirables have their girlfriends and their wives do that. In my interviewing social workers and parole officers, they confirmed this over and over again that

that's the situation. So what this development does is draw predators into our communities, it makes our children victims and makes us victims. Do you want to be a victim, would you like to be a victim in your neighborhood? Because that's what's happening to us. Do you want to be a victim?

VOICES: No!

MR. EDLER: I don't think so. But the predators are here and they come into our Normal Rockwell type communities. We have great communities, clean and safe, and they see it as the happy hunting ground and they make us victims.

Let me cut this short. I did some statistics, and I compared our 1,500-home community against roughly the three low-income, government subsidized housing units in the area, so that's about 1,500 homes as compared to about 800 units, about half the number.

I'd like to draw some quick numbers here, and I'm going to factor in, I'm going to double the low-income numbers so they equal like 1,500-1,500.

The assaults in the low income, actual is nine, but after you factor it, it's 18 compared to homes that's four assaults and only two are by residents, so it's 18 to two.

On terrorist threats, the actual number was nine, if you factor in the factor it's 18, the homes were seven, only one was by a resident, so it's 18 to one. Discharge of weapons, there were nine actual in the low income, there were 18 if you factor in the equality factor, compared to zero in homes, so 18 to zero in weapons discharge.

Sexual assault, there was one actual in the low income, if you factor it it's two, there was zero in the residential area. Indecent exposure child, one, you factor it into two, and zero in the residential area. Indecent exposure in the low income was three, you equalize it, it's six, zero in the homes. And vehicles stolen, in the low income it was 22 and if you equalize it it was 44, and none stolen in the residential area I'm talking about.

So state officials, keep the predators out of our community, don't make us victims, and don't change our way of life where we have to protect ourselves from predators and from undesirables. Don't do this to us, please. Thank you.

(Applause.)

MR. COOPER: I just have a couple of points. Gordon Cooper. I've been in the neighborhood for, I guess, nine years, something like that. My points are divided into two segments.

First are the logical points that have to do with actual bond issues. Because I am a taxpayer, both federal and state -- well, maybe not income tax but property tax -- I feel that I should have say-so in how our bonds are granted. For instance, it is a moral responsibility of the government to issue bonds that only make improvements to the community in which the people who pay the taxes that fund the bonds live.

I understand the need for housing; I understand that demographics should be better carried out so they can put these places where they should be as opposed to in my backyard where they shouldn't be. My tax base has increased while my property value has decreased. You can ask anyone who lives in Windermere Lakes the effects of apartments on property values.

Second of all, I'd like to make some emotional points and those are: I do not intend to leave my community, I'm rooted, I have children that I've already pulled out of the school system because of the same problems we have, I home school because we have schools the way they are. I'm not leaving. I will protect our property, and I will protect my neighborhood. So whether these people come or whether they go, I'll still be there, but I am going to hold the state and the federal bond issuers responsible for anything that goes down in our neighborhood.

(Applause.)

MS. GAMBLE: Thomas Roth and Jeremy Thomas Wood.

MR. WOOD: For the record, my name is Jeremy Wood. I come representing the Point at Steeplechase Apartments, managed by Dalcor Management, Inc.

It is true, as one of the people said earlier, that we did go into bankruptcy this year. There are too many apartments as it is, and we're having a hard enough time filling the occupancy as it is. As they also said earlier, we can only screen the applicants we know about. I'm not going to lie to you. We don't know everything, there's no way for us physically to police it because we're only human too.

And the more apartments that we build, these apartments are going to fall right into our income demographic of where our property is. Our properties start about $450, go up to about $700, so when we build in more, we're going to have to lower our standards of rental. I mean, we've already started taking broken leases because we have to to keep the doors open, and our owners aren't going to sit here and not make any money. Unfortunately, that's just not how the property management business works, because if we build in more properties, we're going to have lower and lower income, not just from this property, but from every one of them, ours, The Camden, because the owners are going to come back and say you have to fill the occupancy.

I'm the leasing manager for the property; this is what I do for a living. I sit there and I make sure we try to find quality, we try to qualify our residents, and granted, there's many cases that I know that we can't screen them all, that we don't screen them all. I find out they're there and I've had to evict quite a few people.

I've worked on one of these tax credit properties at another company prior to coming to this. You know, there's good and there's bad in all, and I can't justify it just by saying it's the tax credit, but I do oppose it just on the basis of the numbers.

We are doing excellent to keep 88 percent occupied; by business standards we should be at 95 or 96 percent, and that's what our owners want. I don't want it to come down to a point where our owners say screw it, move anybody you want in, because that’s what is going to happen.

And I definitely don’t want to see that, not only because I live on that property and I live in this neighborhood and we’re just such good people here; I don’t want to be responsible for bringing something bad into this neighborhood because I wouldn’t be able to live with myself personally and I know it would not be corporately responsible.

Thank you for your time. God bless you all.

(Applause.)

MS. GAMBLE: Thomas Roth? Diann Thurston? Did Diann Thurston show up?

VOICE: Can the comments of the people who have been asked to leave be read into the record?

MS. GAMBLE: Those are the only affirmation forms that I have, ma’am.

VOICE: I understand that. Are there comments there so they can be read into the record given that people were asked to make space?

MS. GAMBLE: I have no more comments.

VOICE: I’m talking about Diann Thurston and --

MS. GAMBLE: Oh, read their comments. I’m sorry.

VOICE: Yes, I think they should be read into the record.

MS. GAMBLE: This is the comment of Diann Thurston. On her occupation/profession/business is housewife, she's representing herself.

"I wish to make the following written statements. In light of the increased crime rate being experienced on the southwest area of Houston with the highly dense apartment population, how do you intend to help prevent against an increase in crime in our area as a result of this development?" Comments of Diann Thurston.

And Thomas Roth, a geologist representing himself.

"I've lived in this area for 13 years. I have seen the area go from being a friendly, healthy place to live to one that is increasingly hostile and dangerous. Property values have stagnated and taxes have continued to increase. We have attempted to stem the problems by purchasing additional police protection but that has not stopped the increase in crime.

"Part of the problem is the increase in multifamily housing developments in the area. We do not need more housing projects, particularly those that cater to lower income families. What we really need is park space for the people who already live here. This development would be better used as a public place where our children can play.

"How many apartments is too many? Look around our area. There are way too many apartments in our area. It taxes the school system terribly with children whose parents don't pay the property taxes that a single-family homeowner pays.

"How is this in the interest of the people who live and work here now? Answer: it is not in our interest." Thomas Roth.

(Applause.)

MS. GAMBLE: Than you all for attending this hearing. Your comments have been recorded. The meeting is now adjourned and the time is now 7:37.

(Whereupon, at 7:37 p.m., the public hearing was concluded.)

QUESTION-AND-ANSWER SESSION

MS. ROTH: We can do a brief question-and-answer if you'd like to. If you could speak one at a time and try to keep this on a civil basis, we'd appreciate it.

MS. GAMBLE: And let me say that she is still recording, so the comments will still be on the record, and the library has asked us to start vacating this room at 7:45, so please keep that in mind.

VOICE: Is there anything on this record that you are going to attempt to have another meeting, or was that stated before you started recording?

MS. GAMBLE: No. That was on the record as well.

THE REPORTER: We've been on the record since ten after 6:00.

MS. GAMBLE: Yes, all of that was on the record.

VOICE: How do we get a copy of that transcript, and is it free?

MS. ROTH: We have some cards outside if you want to pick one up. There is an e-mail address you can e-mail us and request one; there's also a fax number, phone number.

VOICE: The reason I ask if it's free, because the court system they charge like $5 a sheet, you know.

MS. ROTH: As far as I know, a copy of the transcript will be provided.

VOICE: What is the standard for granting or denying tax credits?

MS. ROTH: Actually let me direct you to our website. There are numerous items that the board takes into consideration, and you can find that either in our bond rules, multifamily bond rules, or the Housing Tax Credit Qualified Allocation Plan.

And if you get on our website and you can't locate it, give us a call and I'll be able to direct you to it.

MS. GAMBLE: And I'd like to remind you that we will be accepting written comment until I believe it's August 18.

VOICE: They said they're going to have 72 three-bedroom apartments and they said that there were going to be approximately 75 children coming into our schools. In those 72 three-bedroom apartments, who's going to live in those 72 apartments, all adults?

And also there's going to be 104 two-bedroom apartments, so that means there's going to be probably one or two kids in that apartment. So my figures don't add up to 75; they add up to a lot more than that.

MS. GAMBLE: I'm going to sum up the question for the record so that we can make sure that it's recorded, and correct me if I'm wrong, but your question is that according to what you're looking at as far as the types of units that they're planning to build and then the number of children that they're saying they're expecting to live in these apartments, it doesn't add up to you and you would like for them to address that.

VOICE: Yes.

MR. VERMA: It's a fair question. Yes, you are correct, there are 72 three-bedroom units, and typically what's happening here in the school district, from what we've found out, 10 percent of all the students that are in this district come from apartment communities and two- to three-bedroom apartment units yield similar results to those of single-family homes. It's been our assessment, based on what we've gathered from this district, that there will be 72 students -- students, not children that go to the schools.

So in three-bedroom units you're going to have families, you're going to have kids maybe two years, three years, four years old not attending school yet. The question is what's the impact it's going to have on the schools. It’s going to be, based on the information we were provided, 72 students.

And to go on further, we have a project that’s in San Antonio that we just completed, we got our study back from the Northside Independent School District to see how many students we have impacting their district. In that property there are 248 units, there are 32 three-bedrooms, 96 two-bedrooms and the remainder one. In that district there are 53 students and of that the school district cannot tell me how many of those are new students.

So as far as impact on the school district, yes, of course, as the market is growing you’re going to have families come into the community, you’re going to have new students in your school district, but our property is going to bring 72 students to your school district and it won’t be new students, there will be some existing out of that 72.

VOICE: If your numbers prove to be incorrect, what is the corrective action that the developers are ready to do to reimburse the school district?

MR. VERMA: We met with the school district a few months ago and we’ve offered to provide any assistance. If it becomes overburdened and we need to provide classes on our property, we'll be happy to do that. If we need to contribute in some other way --

(Many voices simultaneously.)

MR. VERMA: Well, I mean, at that point the school district needs to come to us and we're happy to work with them. We've done it before, we do it on every project, and every project, I guarantee if you talk to the school districts of those projects, you'll be very happy how we've participated with those school districts. We've done it before and we'll do it again.

VOICE: Could you make those school districts' information available for our independent verification?

MR. VERMA: Sure. Whoever you want me to forward the information to on our property, I'll be happy to do it.

VOICE: Can you provide us with the number of domestic disturbance phone calls to the police department or the sheriff's department that have been made to this different developments that you have? Do you have those statistics, or do you not care about those, you're just worried about how many kids we've got in these developments? Domestic disputes, 911 calls to these developments?

MR. VERMA: For which ones, our existing

properties?

VOICE: Any of your developments.

MR. VERMA: Sure, we'll be happy to provide that.

VOICE: Do you have any with you?

MR. VERMA: No, I do not, but if you'd like that information, I'll be happy to sent it to -- just name a person and I'll send.

MS. GAMBLE: I really want to try to keep some order here. Yes, ma'am, over here?

VOICE: Going back to the schools, if you said that you're willing to do whatever it takes, then let me ask you this -- because I did research, for two weeks I've been researching this, and in my research in 2005 and 2006 more than 7,000 students enrolled which is equivalent to eight elementary schools or 2-1/2 high schools. Are you willing to build them?

MR. VERMA: No.

VOICE: That's what I want to know, because you're saying 75 kids; that doesn't add up. There's no way that on 75 kids in -- who did you talk with about this?

MR. VERMA: I talked to the school district.

VOICE: Well, I got this off the school

district's website. So I want to know who did you speak with, because I spoke with someone also and got this off their website, so it's contradicting. So if you can give me a name of who you spoke with.

MR. VERMA: As a matter of fact, the information we got was in reference to our project, not in reference to anyone else's, in reference to ours.

VOICE: Who did you speak with? That's what I want to know. I'm not asking you what your reference was; I'm asking who you spoke with.

MR. VERMA: If you'll call me tomorrow, I'll be happy to give you that name.

VOICE: I've tried to call you, and you never answer your phone.

MR. VERMA: No, you have not. Have you left a message? Have you left me a voice mail?

MS. GAMBLE: Okay. We're going to go to the next question, sir.

VOICE: Regardless of whether it's 75 kids or 150 kids, according to the information you provided, you provide no playground for these kids. They're going to play somewhere, they're going to spend their time somewhere. Are they going to be out in the street or out causing trouble or are they going to stay in their rooms

24/7? How do you provide for your own residents that you already have?

MR. VERMA: I apologize that you weren't aware. There is a playground on site, it will be a Tot Lot -- there are two playgrounds on site so that will be provided.

MS. GAMBLE: Yes, ma'am?

VOICE: Two-, three-, and four-year-olds do grow up. That's comment number one. Number two, the middle school where these children will go -- I just registered my daughter for sixth grade; they were given two books -- the school district doesn't have enough books for the children that are already there to take the books home.

I'm sorry; I'm speaking to you, and I feel as though you're ignoring me.

MR. VERMA: No.

VOICE: If you could make some eye contact with me, that would be great.

MR. VERMA: Okay.

VOICE: I am concerned; I fear for my children. I am a low-income person; my husband is disabled. I will say this in front of this room: We live on Social Security disability income and my part-time salary. We are low income; we are good people. I get it that there are good people, but what you’re not getting is that the people that can’t leave -- I wouldn’t leave anyway -- my neighbors are fleeing out of our subdivision as fast as they can sell their houses; I’m not going to do it. I’m going to stay and make my community better.

But what are you doing to make my community better? You said you’re going to help the schools. Are you going to buy those children books, are you going to provide transportation to the doctor, to the supermarket, or are we going to find supermarket carts up and down West Road?

I get it, you’re all about the money. I get it, that’s the world, I get it. But we are people and this is where we live.

(Applause.)

MS. GAMBLE: I only have time for two more. We’ll have this woman here and this gentleman here. Thank you.

VOICE: I’m an educator. I teach at Rice University and run a leadership program, and one of the things we concentrate on is the difference between good and bad leadership, good and bad entrepreneurs. And we really focus in a lot on corporate responsibility, and outside of your financial gain on this, I'm interested in what you feel your corporate responsibility is for our community.

MR. VERMA: What we're trying to do is bring affordable housing to the market. What we've seen is that there is a demand for affordable housing in this area. Twenty-six percent of the households in this market, this renters are overburdened; that means they pay over 30 percent of their income towards rent. That's a problem, that's what we're trying to achieve. We're trying to build quality housing for the community, for these residents.

VOICE: Do you ever think that they may want to live in a more upscale neighborhood instead of what they're paying?

(Many voices simultaneously.)

VOICE: You're saying there's a 26 percent shortage of affordable housing for the residents of this community?

MR. VERMA: I'm saying that 26 percent of the renters in this market are overburdened.

VOICE: And do you define this market as the local area or the entire Houston area?

MR. VERMA: It's a local area. Our area is about a three- to five-mile radius. It’s not a defined radius because it’s a submarket; the market is 29 square miles. The furthest point from the property is 4.25 miles, so it’s a localized region.

VOICE: I would encourage you to go back and amongst yourselves really evaluate what you feel your corporate responsibility is, because it seems like you really haven’t hammered that out very well.

MS. GAMBLE: We’ll have one last question.

VOICE: I just have two questions. Correct me if I’m wrong, but with the tax-exempt bonds or tax credit bonds, you’re not paying any taxes, property taxes or anything like that. Correct?

MR. VERMA: No. We are paying property taxes.

VOICE: Okay. Well, then my mistake on that. Well, that answers it.

MS. GAMBLE: We really have to vacate this room. Very quick.

VOICE: You talked about you’ll give us this, you’ll give us that. When will we actually see the presentation that wasn’t presented today on the website? Will we have access to this O’Connor’s report that’s referenced in your presentation? Will we have access to their statistics?

MR. VERMA: As soon as we give our presentation, we'll be happy to disseminate that information to everybody. Unfortunately we weren't able to present that here today --

VOICE: That is not our fault.

MR. VERMA: It is not my fault either; I understand that. Once we give our presentation next week, we'd be happy to provide all that information to you.

VOICE: Where are you going to do that?

MS. ROTH: We're trying for Thursday. Like I already said many times, I do not have the authority nor the information to give you right now.

VOICE: How are you going to disseminate that information once you get it?

MS. ROTH: On the back of all of our handouts is our contact information, as well as we have the cards. We will post that. We post all public meetings on our website.

VOICE: How many days' notice do you have to post the meeting?

MS. ROTH: This one had to be in the paper 30 days prior, so I don't know; I can't comment on this one. I don't know if that requirement can be waived for an additional meeting, I am not an attorney, I cannot answer that.

VOICE: But Robbye did answer that to you that you will try to have that meeting.

MS. ROTH: She said we will do our best to try to have another meeting because the accommodations were so lacking.

VOICE: Is that going to be before the 18th? -- because the 18th is Thursday, the last day for comments.

MS. ROTH: The 18th is next Friday. We are going to make our best attempts to do that.

VOICE: What I want to be sure is if your best attempt doesn't work that we still have access to their reports.

MS. ROTH: You can contact our office and get any kind of reports you want.

MS. GAMBLE: That's their report.

MR. VERMA: Like I said, out of everyone's public comments today you provided statistics as well, so I think you should provide your data to us; we'll be happy to provide our studies to you, and then we'll go from there. But I know our application is public record. It's already been pulled, our studies can be pulled, everything can be accessed from TDHCA. So if you'd like the market study that we used, you can contact Shannon or Sharon and they'll be happy to provide that to you.

VOICE: Steeplechase has a very nice retirement in the back of the subdivision. Can you just imagine your parents living in that? And there's assisted living off of Fallbrook too. I mean, these people are going to be scared to death. Would you put your parents in those retirement homes now with this project right next door?

MR. VERMA: I don't understand -- there should be no concern.

(Many voices simultaneously.)

MR. VERMA: A working-class individual household is bad for the community? Those making $30,000 a year are bad for the community?

VOICE: You heard what the officer said about the kind of people that come in: the drug users, trash. It's not the people that rent; it's the people that come and visit, it's the trash they bring in that you don't screen.

MR. VERMA: And that also happens in single-family. Who monitors that? Who controls that?

MS. GAMBLE: I just want to let everybody know that we are now off the record. As I said, we have to vacate this room, and the court reporter has to put her things away.

(Whereupon, at 7:45 p.m., the meeting was concluded.)

C E R T I F I C A T E

IN RE: Meadowlands Apartments

LOCATION: Houston, Texas

DATE: August 9, 2006

I do hereby certify that the foregoing pages, numbers 1 through 71, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Linda Mello before the Texas Department of Housing and Community Affairs.

8/16/2006
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MEADOWLANDS APARTMENTS

Banquet Room
Houston Northwest Inn
14996 Northwest Freeway
Houston, Texas 77040

Monday, August 31, 2006
6:25 p.m.

BEFORE:

ROBBYE MEYER, Manager of Multifamily Finance

ALSO PRESENT:

SHANNON ROTH, TDHCA
MANISH VERMA, Developer, Commercial Investment Services, Inc.
GREG THORSE, Developer, Commercial Investment Services, Inc.

P R O C E E D I N G S

MS. MEYER: My name is Robbye Meyer, and I'm the acting director for the Multifamily Finance Division for the Texas Department of Housing and Community Affairs.

We've called this additional meeting to take your comment from the last time that we had a lack of accommodation to have all of your public comment heard at the last meeting. And we do apologize for that; we didn't have any anticipation that we would have this many people to speak.

But we are happy to be here and we are glad that you are here to participate in the public process. We are having it transcribed so it will be on public record and the board of directors for the Texas Department of Housing and Community Affairs will have a copy of this transcript, along with the previous transcript to hear your comments, and the board does take public comment extremely seriously. If it didn't, I wouldn't be standing here again tonight. So I hope that you will all make comment if you want to. You have the opportunity to do so and I hope you will take that time.

I am going to ask the first speakers come up when we actually start the public comment -- the developer is actually going to make a brief presentation, but when I first start public comment, I'm going to actually ask the people that did not speak at the last hearing first just in case we run out of time for some reason. Hopefully that won't happen and we'll get everybody's comments. And if you want to speak a second time, if you spoke last time and you've turned in a witness affirmation form, you are welcome to speak and we want you to speak.

Are there any more witness affirmation forms out there before I let the developer make the presentation? Okay, I will turn it over to Manish.

MR. VERMA: Hello. I want to thank everyone for attending here this evening. I am Manish Verma and over here in front of me is Greg Thorse, and we are the developers for the proposed Meadowlands Apartments. We wanted to start out today by just giving a brief presentation to give an overview of what the project is al about.

The Meadowlands Apartments is going to be 236 units; it's a planned multifamily development which will provide high quality, service-enriched housing to promote the dignity and well-being of its residents.

Here are some pictures of what we anticipate the Meadowlands to look like, some exterior shots, the clubhouse, an interior of the unit.

I don’t know if everyone here knows exactly where this property is located. This property is located on the northwest corner of Steeplepark Drive and Steepleway Boulevard. It is south of West Road and west of Jones, and so the site is situated in an ideal area for affordable housing due to retail and employment generators in the area.

The site consists of eleven acres, twelve buildings, both two- and three-story buildings; one-, two- and three-bedroom units; 230,000 square feet of net rentable space; the average unit size is 975 feet.

Some of the amenities include stucco and masonry exterior finish, 30-year shingles, nine-foot ceilings, central air and heat, all Energy Star appliances and equipment, water heaters, et cetera. We will have swimming pools, barbecue and picnic areas, and perimeter fencing with security gates.

So who will live at Meadowlands? Meadowlands will market to working people at 6 to 25 percent below market rent. Qualified residents are 60 percent of median income, and here are the income limits for one-, two-, three- and four-person households. As you can see, it’s those between $25,000 and $37,000.

Our development team has over 25 years of multifamily experience, building over 30,000 units here in Texas, and our management company has over 20 years of property management experience.

A question that was brought up last time as far as are we going to be having a property tax exemption. No, we are not. Our project is financed using tax-exempt bonds; that does not mean property tax exemptions. These bonds are not the obligation of Harris County or the state, they're the obligation of ourselves.

That's all we have for you this evening, and we're obviously here to answer any questions, comments and concerns you may have. Thank you.

MALE SPEAKER: Who are you with? You said you're the developer?

MR. VERMA: We're the developer.

MALE SPEAKER: What is the developer's name?

MR. VERMA: GMAT Development, G-M-A-T Development-Seattle Slew, Ltd.

FEMALE SPEAKER: Do you have an address?

MR. VERMA: The address is 45 Northeast Loop 410, Suite 290, San Antonio, Texas 78216.

MALE SPEAKER: Could you repeat that, please?

MR. VERMA: It's GMAT Development, G-M-A-T Development, there's a hyphen, Seattle Slew, Ltd., or you can also look under Commercial Investment Services, Inc., address is the same for both: 45 Northeast Loop 410, Suite 290, San Antonio, Texas 78216. Thank you.

FEMALE SPEAKER: I have a question. How many of these have you developed in Houston?

MR. VERMA: This is our second property in the Houston area.

MALE SPEAKER: Where is the other one?

MR. VERMA: The first property is under construction currently; it's in Baytown, Texas.

MALE SPEAKER: What part of Baytown?

MR. VERMA: Address is 6900 North Main Street off of I-10, just south of I-10.

MALE SPEAKER: The are over there is different than over here.

MALE SPEAKER: Who will be running this property on a day-to-day basis?

MR. VERMA: Our management company, it's a third party management company, United Apartment Group, and they will be at the site on a day-to-day basis.

MALE SPEAKER: United Apartment Group?

MR. VERMA: Yes.

MALE SPEAKER: Do they run any other apartments in this area?

MR. VERMA: There's a representative here from the property management company and she could answer your questions.

MS. BELCHER: My name is Angela Belcher and I am the regional supervisor for United Apartment Group, and we're based out of Dallas, and currently right now we have about a thousand units in the Houston area. I have one in Baytown, two in Westheimer, one in Pasadena.

FEMALE SPEAKER: What about out here?

MS. BELCHER: Out this way I don't have any properties in this immediate area at this present time.

FEMALE SPEAKER: Are you saying we'd be the first then?

MS. BELCHER: In this area, yes.

MALE SPEAKER: What part of Westheimer?

MS. BELCHER: The 9000 block of Westheimer.

MALE SPEAKER: What cross street?

MS. BELCHER: Fondren and Westheimer.

MALE SPEAKER: What is the name of the complex?

MS. BELCHER: Westheimer Terrace.

MALE SPEAKER: This question will go to the Texas Department of Housing. How many units has the Texas Department of Housing sponsored in our general area, forget who the developers are or were? How much of this stuff do we have now? What is the saturation right now?

MS. MEYER: I can't answer that off the top of my head.

MALE SPEAKER: One or 500 or three or six or 5 billion?

MS. MEYER: As far as complexes themselves?

MALE SPEAKER: Yes.

MS. MEYER: In the general area there's like five or six, I think. I mean, not right in this little area but within --

MALE SPEAKER: Well, you've got three planned already on 1960 and Bobcat Road; you've got one here by the post office out here in Jersey Village; you've got the one you want to destroy Steeplechase with; and you've got one going in on 290 and Fairbanks-North Houston, I understand.

So my question is how much of this stuff do we already have in our back yard?

MS. MEYER: And I can't answer that off the top of my head, sir. If you'd like to send me an E-mail, I will be glad to answer that.

MALE SPEAKER: I'd like for all these people here to know.

MS. MEYER: I can't answer that, sir, off the top of my head.

MALE SPEAKER: Is there somebody you can call? I would think you'd have numbers like that in the back of your head. I sure would.

MS. MEYER: Well, I don't have that.

(General talking from audience.)

FEMALE SPEAKER: I talked to Michael Lidell, we had a conversation, I talked to him in Austin and I asked him the very question this gentleman is asking, and he told me that he would have that information for me by tomorrow, and unfortunately I couldn't get it today because it wasn't available. He said his staff would get it for me, because, like I said, there are at least four and I'm sure half of the people in here didn't even know that there were that many. I've been driving around for a week looking and I saw two more signs.

MALE SPEAKER: Put the stuff where they need them: northeast, southeast.

MS. MEYER: I am here to take your comments so I can get them back to the board, and I want to make sure that those comments are done. If we have time at the end of the session, I'll be glad to try to answer as many questions as I can, but I want to make sure for the time we have this building rented that I get your public comments so that my board hears that. I hope you will respect that.

MALE SPEAKER: There's two, Sugar Creek and Sprucewood. Now, how you're describing immediate area, the immediate area there's two others similar to this what's going in.

MS. MEYER: Do you want to go ahead and make your comment now?

MR. OWENS: My name is Phil Owens; I'm with State Rep Gary Elkins' office. Hello. Good to see all of you again.

Sprucewood is on Steepleway, I'm sorry, I don't know the address off the top of my head, but if you're headed from Jones on West if you're headed toward 290, it's there on Steepleway, turn to the right and it's the apartments that sit right there before you go into the subdivision. And then Sugar Creek are the apartments that sit closest to the Sam's on West.

MALE SPEAKER: The ones that have filed for bankruptcy?

MR. ELKINS: I'm answering the question to where the others are located. I have that information, just so we can kind of move the meeting along, I'll answer that question just real quick. And thank you, Robbye, for the chance.

On behalf of the representative, I just wanted to let the folks know -- because I know a lot of you are concerned about what's being done with your elected officials, what's happening -- we've written the letter of opposition to the development and we will present at the hearing on the 30th. That's what we can do; those are the parameters of the oversight we have. Your board members, the folks that are working on this, you can contact them. We've been in contact with them from the beginning of this, doing everything we can to try to work with the community and work with the developer.

So we're here, I thank everyone for being here. The developer, the folks with the commission of the board, the residents and all that to kind of help this process along.

And that's all I have. Thank you, Robbye, I appreciate it.

MALE SPEAKER: What's your name again?

MR. OWENS: Phil Owens.

MALE SPEAKER: Is Representative Elkins actually going to appear, or is it going to be you?

MR. OWENS: He's planning to be there. He's out of town; he was at the previous meeting; I was at the one before that. Please appreciate that the representative has his private business and can't always be at everything, but as the folks that have been leading the fight can attest to, we've been at every public meeting that they've been aware of, we've been working with them from the absolute very beginning, and I really honestly am unaware of anything else that our office could have done or that the representative could be doing to help further your cause.

FEMALE SPEAKER: Where are our state senators?

MS. OWENS: Again, I'm with Representative Gary Elkins' office and I can't address that.

(General talking from audience.)

MS. MEYER: The first person that we have to speak is Mable Butler. There is a three-minute time limit so we can get through all of the public comment.

MS. BUTLER: Hi. My name is Mable Butler, and I've been in Steeplechase for about a year. I have been an employee of the State of Texas for the last 21 years and I currently work as a hospital-based Medicaid worker for the Health and Human Services Commission.

I was stationed at Cy-Fair Medical Center from January of '04 to December of '04. This hospital is one two hospitals currently in that area. I would determine eligibility for Medicaid for low income households who come into the hospital that do not have any health insurance, and our tax dollars would cover their medical expenses at the hospital.

According to my personal information, I would certify about 960 to 1,000 applications a year. Currently I am processing applications for Methodist Willowbrook which is also another hospital in this area. There is a new hospital scheduled to open in December of this year and it's located on Highway 290 just north of 1960. I know for a fact that they are in the process of trying to get a Medicaid worker there as well in anticipation that they know they're also going to be having some low income households coming through their doors.

So I urge the commission to deny this application and encourage the developer in the development of affordable housing and to take the development somewhere else where they're needed, not in our area.

(Applause.)

MS. MEYER: The next person I have is Dean Green.

MR. DEAN GREEN: My name is Dean Green, I live in Steeplechase, and first, I'd like to thank you for scheduling a second meeting.

When TDHCA was created, I believe in the mid '80s, the economy in Texas, and especially Houston, took a big hit because of the oil bust. People were losing their homes in record numbers and apartment complexes had such high vacancy rates that they were shutting down and abandoning their properties. The state did what it needed to do by creating your agency to entice developers and investors to build affordable housing by offering low interest loans and offering tax credits, and it worked. People were able to provide housing for their families and the economy eventually turned around.

Today is a totally different story. The economy in Texas, and again, especially in Houston, is better than it's been in over 20 years. The unemployment rate is extremely low. A short drive through the Houston area will prove this simply by the number of help wanted signs hanging in front of businesses.

In my opinion, the only purpose the developer has for applying for this permit is to finance a project as cheaply as possible. The system is a good one when used properly; however, in this case I feel it's being abused. I don't mind helping others who need it, I do have a problem when my tax dollar is used to help someone else make money. The developer's claim of $40,000 annual median income in our area, and this is misleading; the research shows the figure to be closer to $60,000.

Again, I believe the system is being abused and it needs to stop, and it looks like this is an excellent time to stop it.

There's an abundance of available apartments in close proximity to the proposed Meadowlands Apartments. All have vacancies and are offering specials such as one free month, and most of them moderately priced. To illustrate three such properties, the Point at Steeplechase, across the street from where the proposed development would be, is offering one-bedroom apartments at $450 per month, two bedrooms are $699. Camden Properties is also across the street and has one-bedroom apartments at $522 and two bedrooms at $710. Steepleway Downs, a short distance away on Steepleway Boulevard, is renting one-bedroom apartments for $525 and two bedrooms at $760.

Compared to the developer's proposed rental rates, as stated in the application, a one-bedroom would be $625, a two-bedroom would be $751, I'm kind of wondering how many low income people are going to be able to move into an apartment complex that's charging over $100 a month more, and in some cases more than $100, in order to meet their needs. In my opinion, there is no need for this apartment complex. Thank you.

(Applause.)

MALE SPEAKER: Not to mention how many banners are up that have a month and a half free rent.

MS. MEYER: Sir, please do not interrupt the meeting.

MALE SPEAKER: Well, I wanted to put that in.

MS. MEYER: Ed Good is the next speaker.

MR. GOOD: Hi. My name is Ed Good. I've been a resident of Steeplechase almost eleven years now with my family, and I don't have prepared facts and figures such as the predecessor speakers, however, it's pretty obvious from just observation that the development is going to add a lot of residents so we're going to add a lot of kids to our school, it's already overcrowded, we have a lot of temporary classrooms. It's going to add crime in our neighborhood, it's going to add traffic, and it's going to degrade our property values.

And with all of that, I'm adamantly opposed to this development.

(Applause.)

MS. MEYER: Jeff Stepanik.

MR. STEPANIK: My name is Jeff Stepanik, and

I'm going to start, I was doing a little bit of web searching, and I'm going to start with an article -- I'd be happy to submit it if you'd like -- coming from the Houston Architects Information Forum.

The paragraph starts off: "Due to a recent loophole created in order to increase the availability of affordable, low income housing in Harris County..." I need to go no further with the statement. What we're dealing with is we're talking about a loophole -- it's your money, it's my money.

Looking into this a little bit further, I pulled the documentation for the 2006 Multifamily Housing Revenue Bond rolls. I'm talking about page 12 of 12 when they talk about Section I, Public Hearings and Board Decisions. In summary, this is what the board is supposed to look at when making a decision in regards to approving their bond.

In my review, 9 out of 17 of the considerations are in question. I'll briefly go through them; hopefully the board will take the time to review these a little bit further.

Number two, the location and supporting board geographical dispersion. It's my understanding that when this developer came in and looked at the region, it was a three-county region. Am I correct with that? Did you look for the neighborhood, the specific area, the ten-mile radius? Any input on that?

MR. VERMA: It was a three- to four-mile radius.

MR. STEPANIK: A three- to four-mile radius with the statistics that you provided last time? Okay.

The business logic, number four, that goes behind this does not make sense. Number four was rated as the financial feasibility.

With the apartment complexes in a community, they're running at a low occupancy rate. To me, that reverts to the law of supply and demand. The supply is there, we have apartment complexes in our community. There's nothing with affordable housing for people, I don't think that anybody here objects. I think what makes sense in regards to my tax dollar and my barn money and where I appreciate it to be spent by the state in funding projects like this are in areas that it's needed.

If there's a supply out there, not yet a demand in apartment complexes -- one in particular is filing bankruptcy -- what would an apartment complex like this do neighboring this? It's going to put the nails in the coffins of the existing business, we're going to create more building in an area that's not really needed.

Moving forward, number seven, the development's proximity to other low income housing developments. According to what I was able to find out, there's two other places within a one-mile proximity of affordable housing. Again, what is the saturation rate of these apartment complexes? The gentleman at the last hearing stated it was 88 percent; because he was not able to keep an industry standard of 92 percent, they have filed for bankruptcy.

The availability of adequate public facilities, when I think of low affordable housing, I'm thinking of people that can't afford to go out and see the Astros play on a weekly basis, go down to a Texans game because of the cost. Unfortunately, here I believe that things like public parks are a necessity. There are no public parks in this area. Where would these people go? I know that you guys graciously stated that you're going to put up two playgrounds in the units. Thank you, but that does not keep the kids from 18 to 6 or whatever age would be out on the playground. There's not enough facilities for that.

The impact on the local schools then on the local schools. Let's talk about this, this is horrible. We're already at maximum capacity. We want to bring in another low income housing community, it's going to increase the population in the schools.

I was in the school the other day, a teacher came in -- cut off. Okay.

(Applause.)

MS. MEYER: All the items that he listed are on our website, and you're welcome if you have any questions. My information is in the information packet. Theresa Morales is the administrator of the program. You can E-mail her or you can E-mail me, and I'll be glad to point you right in the direction of where that exact information is if you want to see exactly.

If you look at the back where it says TheresaMorales@TDHCA, if you will replace my name with Theresa's, and it's R-O-B-B-Y-E.M-E-Y-E-R, and you can E-mail Theresa and she can forward it to me. My name is somewhere on this information, I promise you.

The next one I have is Fannie Masse.

MS. MASSE: I think the people have already covered my points.

MS. MEYER: James Fields.

MR. FIELDS: First, I want to thank everybody here, friends, neighbors and the TDHCA for allowing me to contribute to this meeting.

I live in Jersey Village, and I just want to tell you my experiences so far from high density living. Last year we had a car that was car-jacked at the CVS Pharmacy -- I don't know what that street is. Unlucky for these guys, lucky for us, that was an off-duty officer, rehabilitated one on the spot, sent the other one to the hospital.

(Applause.)

MR. FIELDS: Secondly, what's happening to our neighborhood here is also we had a home invasion, broad daylight, and they bust into these people's house, held them hostage, and again, these guys aren't too smart, the police station was 100 feet away, they got them.

But my point is that the more apartments we get, the more crime we're going to get, and I know that for a fact because I've lived here the last 16 years. Since we've put these apartments in, the last six years it's gone up dramatically.

Also with this will go traffic. I guarantee you our quality of life will go down as well. It's already a beast just to drive down the road just to get to Kroger's now. You add that on to it, it's just going to get worse.

I didn't have time to prepare and I fault Gary

Elkins. I think he should have notified all his constituents what's going on. The cows are out of the barn and now he's coming back going, Well, there's nothing we can do. Well, that's poppycock. That's poor representation.

So anyway, that's my two cents, and I'm with you guys and I'm against it as well. Thank you again.

(Applause.)

MS. MEYER: Paul Bonneaux.

MR. BONNEAUX: Hi. I'm Paul Bonneaux, a resident of Steeplechase for 19-plus years. We went through this exercise two years ago, different developer, same property.

To me, this represents a very poor business plan. I work for a hundred million dollar a year construction company. If I laid a plan out like this to my board of directors, they'd laugh me off. You're trying to put in an apartment complex where there are already many around, obviously not filled. You're stating it's low income; you have nothing to support the low income families that move in here, there's no public transportation, there's not even sidewalks in the area and no plans to build these. There is no large employment base, it's all service/retail jobs that are available in short walking or driving distance.

And I just feel this is wrong, wrong, wrong. I'm highly opposed to this and I think something needs to be done with this particular piece of property, put it to bed as a public park or something else other than a low income property.

As the previous people have spoken, the crime rate has gone up, and I, for one, am tired of dodging shopping buggies on the side of the road and stuff and looking at graffiti. Enough is enough, guys.

And I really question your representation. You seem to be very leery of divulging who you are, where you're from, all the more reason to be more nervous about this. Thank you.

(Applause.)

MS. MEYER: Laura Neidhardt.

MS. NEIDHARDT: Hello. My name is Laura Neidhardt, and I live in Willow Bridge, I've lived there for twelve years now, and I'm very concerned about this. I agree I don't want my tax dollars going towards this, I don't think this was the original intention for that money.

I have a few different points. I think the first one is it doesn't make sense to me to put this in this area. It seems like there's a lot more areas that are in greater need for low income housing. But if the goal of putting it out here is because you're wanting to actually spread them out and not have them concentrated in one area, then again, why are we trying to put a third one in such a close, small area.

And I have not heard an answer. It sounds like there is some question about the application not on this one actually being within one-mile radius. Can you speak to that? I've heard several people say that the part of the application checked off that there was not another one of these within a one-mile radius.

MS. MEYER: I couldn't answer that; I'll be glad to answer it if you E-mail me.

MS. NEIDHARDT: Okay. Second of all, again, just there's no bus service. Yes, there's a park-and-ride a ways down but there's no city bus system, so I just think there's more appropriate places for this.

The second point I have, two points, is regarding the schools and crime. First of all, crime. Are there any deputies in here? If you ask the sheriffs about if there's any increased crime in the Sugar Creek Apartments, they will absolutely tell you yes, a lot.

The second one is schools. We were quoted this ridiculous 74 kids added to the schools from this project. If you ask anyone else, teachers, people that are in the know, that is just absurd. And who's going to be responsible after this? You say there's not going to be increased crime, you say you're going to do crime checks and that there's only going to be 74 kids out of this project. Are you going to be responsible for this later paying more for all of our homeowners associations to have to pay for more increased sheriffs' coverage as well as putting more money into our schools to cover the overcrowding?

And I'm sorry to say it, but low income houses, parents are not involved in the schools, it is a much bigger drain on our schools. I'm not saying they're bad people, maybe they're having to work all day, everyone in the family, but it's even a bigger drain on the schools than just the number of kids.

I'm just definitely against this. Thank you.

(Applause.)

MS. MEYER: Janet Donath.

MS. DONATH: I'm Janet Donath. I've lived in Steeplechase for over 13 years now. I am a registered nurse, and I'm going to speak to this issue from a totally different perspective.

I worked for charity organizations and non-profit organizations for over 20 years, I am still opposed to this housing being brought into our community with the reasons of we don't teach people how to live in apartments and how to live in a better quality housing area, and no matter what they show us now, in three years it will not look like this unless they do some education.

I have had to take people from substandard housing and put them into apartments and teach them how to use a thermostat, how to use telephone systems, about what flushing toilets are for, and these are personal experiences. I did home health for many, many years, and I'm not opposed to poor people, and I have helped them move up in their lives, but you can't just put them in a place with no education, no means of transportation to a good work source -- which this does not have.

They've never said how many parking spaces they have. Most low income families depend on public transportation which is truly not available in our area. And also, to move them into this without getting them to sign affidavits that if gang activity results from their area, drugs, anything that is detrimental to our area, they will immediately lose their housing.

(Applause.)

MS. MEYER: John Lance.

MR. LANCE: Hello. I'm John Lance, and I want to thank you for your time to come out and listen to us talk.

I have a roof consulting business and I've been involved with a project on the southeast side of town, the Wood Forest Apartments, it's also an affordable housing project. In my year and a half of being involved with them, I found that it was very poorly designed, it was very poorly built, it was very poorly supervised, and over the last year there has been nothing done to correct those people's problems. And so I don't have a lot of faith in where we're going here with this project compared to what I've seen down there.

It takes you about ten minutes to sit in that management office to listen to what's going on in there to find out that there are a lot of problem tenants out there, and one of the things that I hear the most is they might be a problem but you can't get rid of them. And so I think that once we get this property in, we're going to end up with the same thing. We're going to get people in that don't fit into this community, don't fit in with our lifestyle, and we're going to be stuck with a problem.

I just think it's a poor idea. That's it.

(Applause.)

MS. MEYER: Lori Brown.

MS. BROWN: Hi. I'm Lori Brown. I've lived in the Willow Bridge subdivision for about ten years now. And personally -- I haven't done a lot of research, I don't have a lot of numbers to give people -- but just having lived in that area, one of the reasons why I moved out to the suburbs was to get away from the crime area. I lived in the Westheimer area for a long time and it was very convenient for work; I didn't feel safe walking from my car to my door every night, so I moved out to the suburbs, felt very safe.

But over the last ten years, as they've opened up West Road under that beltway, as we've built apartment complex after apartment complex, even expensive ones, $1,100 rent, doesn't matter. It's an apartment complex, it's people that don't generally respect the property that they live in or the things around them, and I can't even count how many apartment complexes have been built since I moved to the area.

And literally when I first moved to the area, I could leave my door unlocked, I could leave my car outside in the driveway and not have to worry about it, but constantly we are being barraged with security updates from our homeowners associations and things on the news about the increased crime in the area, and I just know that that is going to get worse with all of this going on.

I personally don't want any more apartment complexes, I don't care if they're million dollar apartment complexes, I don't want any more. And I don't know that we can fix that problem but maybe we can start with this one.

And the other thing that really concerns me is the school overcrowding. My son is in second grade now. Two years ago when he started in kindergarten they allocated eight kindergarten classes for all the kids; they dreadfully underestimated the number of kindergartners that were going to be registered. Based on all of their previous experience, on pre-registration, number of houses in the area, all the information that the teachers and the administration of the school have, they thought they needed eight and they thought they had well estimated the number of teacher-to-student ratios that they would have to accommodate, and within a matter of three days they had to get two more -- and these are classes of 20 kids -- they had to get two more teachers and we ended up with ten kindergarten classes, and it was just a mess, it was an absolute mess.

And that is because we have so many apartment complexes with so many kids and these estimates of 74 kids per apartment complex which we know is not accurate but we have to deal with it.

I'm a parent, I have to deal with PTO, I am barraged with these stupid popcorn fundraiser things that we all have to do because our taxpayer dollars aren't funding what they need to fund for the schools because the parents are having to pick up the brunt of that, and I personally am opposed to that. And I wish that the Texas Department of whatever it is -- the TDHCA would oppose this project. Thank you.

(Applause.)

MS. MEYER: Mary Path.

MS. PATH: Hi. I'm Mary Path. I'm at Steeplechase, I've been there seven years. Like some of the others, basically I'd say ditto to what everyone else has said. I'm tired of picking up shopping carts and moving them, picking up trash. We already have the two apartment complexes that people have talked about that aren't fully rented or in full utilization. Basically, Texas Department of Housing and Community Affairs, if you'd rethink this.

Part of my reason for moving out to

Steeplechase was the community. Adding another complex that's affordable, low income basically devalues everything that I've worked for and my family has worked for.

So with that said, the market analysis that was part of your business plan, I would ask for a refund because it's completely inaccurate.

(Applause.)

MS. MEYER: Tom Harkay.

MR. HARKAY: I didn't really have any prepared notes because I missed the last meeting because I was out of town. And what I do, I work for Ditech.com which we're owned by GMAC, and the bulk of my job is first-time homebuyership, educational seminars. We're working primarily in the Hispanic market and with the African-American community.

And it's funny that -- most of my questions, by the way, have been answered, but in hearing what has been said, the bulk of my business is getting people out of these into first time homebuyers, because as one lady had said before, it's already been proven in most states that people do not respect what they do not own. So Ditech is taking it upon themselves to really push the first time homebuyership. Developers that were previously building these are now building affordable housing to purchase because when you own it, you take care of it, there's a pride of ownership you just don't have in an apartment complex.

I'm originally from California. They dumped this idea about 15 years ago. If you've never been to North Hollywood or Van Nuys, I suggest you go, because today you can see what's left of the Valley since they put all of this in, and even though property values have skyrocketed out there, to me the damage has been done because the apartments are there, and once a building is there, you can't get rid of it.

What I see here, I've only been in Willow Bridge for four years, I've only been here four years, I think Houston is on track to become another L.A. if they don't keep the building in check, and I don't mean just this area, it's everywhere I go. This is L.A. 1985, filling every little green space you can. When I saw that on Jones Road I thought this is where the park should be. We lost the park space that was over where the Watermark Apartments went on West Road. In four years I've seen six apartment complexes go up. How many apartments can you possibly need?

And with this here, I would say get with a developer that does building, you build for ownership, whether it's townhomes, it's single family homes. Houston is definitely not short on space, not just southeast parts. It's kind of weird how it's just scattered all over this town. So much property here could be demo'd, it's literally abandoned, vacant lots that nobody is taking care of, give people something to own. There's just way too many apartments going on over here.

(Applause.)

MS. MEYER: Daniel Della Sala. If I'm butchering your name, I apologize.

MR. DELLA SALA: My name is Dan Della Sala. I'm a retired detective out of Houston and I was a federal agent for twelve years; I'm also the security director for Winchester Country.

But let me tell you what I used to do. I used to go to these communities and deal with the problems for these smaller cities and their crime rates, and I put 70 to 80 percent of the people I put in the penitentiary -- I worked my ass of, I'm sorry -- they all are from low income housing; 80 percent of the people I put in the penitentiary, state and federal, were from low income housing.

Harris County is a little bit different than a lot of these smaller cities and the city of Houston where we basically pay taxes plus we pay for police protection again in our subdivisions which is ludicrous but we have to do it because they don't have enough police officers to go around unless we pay for them.

It's a 70-30 split. We pay 70 percent of the subdivisions fees which in Winchester Country we're paying right around $75,000 a year. They have one district unit in that area. They're going to be pulling Harris County officers into these low income housing. I'm telling you, I've been there, I worked it for 25 years. When I did raids, drug busts, they were all in low income housing. They weren't in neighborhoods that you and I have got up every single morning and went to work to earn, they were very few.

The reason they're coming out here right now is because the City of Houston Third Ward, they're renovating it, they're renovating everything down in the city of Houston making it unaffordable for the housing for these slugs here to build.

But I'm telling you, I did it in all cities in this country and I went into these cities to help these small communities because they couldn't handle the crime, they couldn't understand it, they didn't have enough officers, so we went in as federal agents. And by the way, the housing authority, when you go in on raids and try to find information out, the man will serve his sentence before you get the information from them.

MALE SPEAKER: Yes, they don't know anything already, we asked them a few questions.

MR. DELLA SALA: You don't know who is in those apartments when you do a raid, you don't know where they are, there's a whole lot of people in there. The management on every one of them that I've ever been to -- and it can be on record because you can check all my arrests in the state of Texas and in this country -- they've all been in low income areas. Our prisons are 72 percent filled with low income people.

Now, I know that's a problem this country has, but we all moved out to this area out of the city of Houston to get away from it, and they're bringing it to us. And the Texas Housing Authority is bringing it to us too.

MALE SPEAKER: Thank you, Texas Housing Authority. How wonderful of you. Why don't you live in there? Why don't you get an apartment there?

MS. MEYER: There's two on this next one, Deborah Armel and Jeff Mueller.

MS. ARMEL: I'm Debbie Armel. I'm from Winchester Country. Dan Della Sala and Jeff Mueller are also here.

We are the largest subdivision along West Road between Jones and the beltway. We were never ever contacted through our management company or any of the directors that this project was even going. We found out at the last minute.

I also work with a lot of data and the subdivisions in this area, we're nowhere near what they're saying the median household income, those zip codes and everything, so they're going to try to bring in people that make basically poverty level.

Winchester County alone had several redistricting on behalf of Cy-Fair. Every time we turn around, they're trying to redistrict us, the elementary school, the middle school, the high school.

So we are totally against this project and I'm going to turn it over to Director Mueller.

(Applause.)

MR. MUELLER: One of the thing I'm just going to reiterate. This previous year I was the president of the Winchester Country Maintenance Association, I'm currently the vice president. We were told -- matter of fact, we had one of our directors at the last meeting, and we were told that the developer contacted us and stated the fact that I was for this. I have not had any communication with them, I have not talked to them whatsoever.

And in talking with our management company, SCS Management which is one of the larger management companies in the area, they have not been contacted to find out from any of the properties they manage whether or not we wanted to participate in any kind of dialogue.

I will say that I think it was last week we were contacted by the developer that they would like to meet with us, and we're trying to work out some type of time frame, but it's kind of like after the fact. So I just wanted to say for the record that Winchester Country was not contacted whatsoever during my term as president.

(Applause.)

MS. MEYER: Angela Belcher.

MS. BELCHER: Again, my name is Angela. I just wanted to speak to everyone just about our management company, United Apartment Group, and then give you maybe some information in case you'd like to look up some other properties that we manage in Houston, San Antonio, Dallas, Austin. I can provide you with that website address if you'd like to get some additional information about our company and any communities that we offer.

We currently have nine affordable communities, 25 conventional communities, 34 total in our portfolio, and we do manage about 20,000 units in the Texas region. We do have a commitment to excellence, we manage our asset like it's our own and we do manage our properties with a zero tolerance.

So I just wanted to express that to anyone and then provide you, again, with the website address in case you'd like to look up any additional information about the company.

FEMALE SPEAKER: Can you tell us what it is?

MS. BELCHER: Sure. It's unitedapartmentgroup.com, all together, one word.

MALE SPEAKER: Do you provide security to those places?

MS. BELCHER: Yes, I do. As a matter of fact, one of the officers is right there.

MALE SPEAKER: What part of San Antonio do you have these places?

MS. BELCHER: They're all over San Antonio, throughout the whole city. On the website address, you can actually see photographs of the properties, all the information, how many units they have, what's in the general area, all that information is on the website, along with information about me personally and my experience. I've been doing this for about 15 years.

FEMALE SPEAKER: But we don't need any more apartments, that's the bottom line.

MALE SPEAKER: We're apartment-out over here, take them somewhere else.

MALE SPEAKER: Look at what the apartments have done to the southwest side of Houston, you can't live there anymore. I lived there in 1981 off of Braeswood.

MS. BELCHER: I do live here.

MALE SPEAKER: I'm saying you can't live on the southwest side of town anymore, and what they're trying to do is bring that out to the northwest side now so we can't live here anymore. Look at the crime rate, contact some of your precincts on the southwest side of Houston, they're horrible down there.

MS. BELCHER: What I would invite you to do is if you'd like to know -- and I don't know if anyone has done this already -- any statistics for that particular block, if you contact your precinct, they can tell you what goes on in that block, but mind you, when they give you those numbers they'll give you from maybe the 9000 block to the 12000 block, whatever their beat is.

MALE SPEAKER: Do you live near any of these projects?

MS. BELCHER: Yes, I do.

MALE SPEAKER: Which ones?

MS. BELCHER: I live on the southwest side of Houston.

MALE SPEAKER: But you just said 9000 block of Westheimer was at Fondren, but that's not, that's at Westerlin.

MS. BELCHER: That's considered southwest to me.

MALE SPEAKER: But I'm saying you said the 9000 block of Westheimer at Fondren. Check a map.

MS. BELCHER: If you look at the address 9407 Westheimer, if you go two streets up, that's Fondren, if you go one street back, that's Westerlin. So that is the Fondren area.

FEMALE SPEAKER: Can you give us the names of a couple more complexes that you run here in the Houston area that we can go and look at?

MS. BELCHER: Sure. There's Quay Point, Q-U-A-Y; there's Oaks of Baytown; Westheimer Terrace and Westheimer Park. Those are the four that we currently have.

FEMALE SPEAKER: Do you actually pay or do you have an [indiscernible]?

MS. BELCHER: Two of our properties are bond communities which is similar to tax credit, the other two are conventional.

FEMALE SPEAKER: Do you personally have to pay for where you live, or is that part of your job that you get a place?

MS. BELCHER: I pay for where I live.

FEMALE SPEAKER: And with no discount?

MS. BELCHER: No.

MALE SPEAKER: This young lady made a statement I'd like to clarify, if I may. May I?

MS. MEYER: We're trying to do public comment, and as I said, if we have time at the end of the period, I will be glad to let you make your statement. And actually, you can make public comment as soon as the next person comes up.

MALE SPEAKER: I have a problem with the statements made and it's misleading.

MS. MEYER: You can clarify it if you want to make public comment, that's fine.

Steven Zeffert.

MR. ZEFFERT: I'm Steven Zeffert. I live in Willow Bridge, and I've been listening to this meeting for about an hour and I keep noticing certain trends. Towards the beginning people were asking how many apartment complexes were in the area which were affordable housing or low income housing. Obviously people can't tell which ones they are simply by driving by.

The location that we're talking about is surrounded by apartments already, it will end up being apartments. Nobody is going to build single family homes when it's already going to be surrounded by apartments, so sooner or later --

MALE SPEAKER: Put a park in there, that's what we could use.

MALE SPEAKER: There's a car wash on the corner.

MS. MEYER: Could you please not interrupt the speaker. If you would like to make public comment, I'll be glad to let you be heard.

MR. ZEFFERT: If you know someone wealthy who wants to contribute the money to turn it into a park, that might work, but otherwise, it will eventually be some kind of apartments. There will either be affordable housing which means there will be a stack of regulations to make sure they stay straight, or it just will just be market rate housing and then you don't know.

MALE SPEAKER: You're smoking some bad weed, buddy.

MR. ZEFFERT: You know, this room is so full of negative energy. All of you came here looking for a fight, you're not even trying to learn the facts.

MALE SPEAKER: We want them out of here.

MR. ZEFFERT: Excuse me?

MALE SPEAKER: We want them out of here, that's what we're here for.

FEMALE SPEAKER: Will you hush, please.

MALE SPEAKER: Go ahead, sir. I'm sorry.

MR. ZEFFERT: Now, some of the issues that were raised have to do with schools and transportation and parking and sidewalks. Those are valid issues, and these guys are going to have to deal with it if they want their property to cash flow. For their property to work, they're going to have to find people to rent up and pay the rent and stay there and not move out, they'll have to maintain them. It's just like any other business.

They're going to have a challenge to get people to come in when there's not public transportation, when there's not sidewalks, and there may not be enough jobs in the area. But in general, most projects like this do work and most of them don't look bad because you don't notice them because they don't look bad.

MALE SPEAKER: I'll take the FBI's information over yours any day.

MS. MEYER: Jill Lindauer.

MS. LINDAUER: My name is Jill Lindauer, and I've lived in Steeplechase for almost twelve years.

I guess I have two points. The first one was, as he said, we kind of need to be stating facts, and obviously most of us have the same opinion which is we don't want this built, but I would like to ask you all to do the same. And I feel a lot frustrated when you stand here, and I know at the past two previous meetings -- and I've already forgotten your name and I'm sorry.

MR. THORSE: Greg.

MS. LINDAUER: Greg, you stood up and you said this is the best thing for this community, and it frustrates me because I'm thinking you don't live in this community, you don't raise your children here and your kids aren't here, and you didn't invest your home here. So I would appreciate from you all to not tell us what is the best for our community. It's the best thing for your business, perhaps, but it's not the best thing necessarily to us.

(Applause.)

MS. LINDAUER: Now, the subject of the schools was one that I did follow up on, and I spoke with Blanca Cooper today. She's in Research and Planning at Cy-Fair. And she pulled up the paperwork that had been submitted by the company, and perhaps there was a mistake on that, at the time they thought the information said that it was 232, not 236 units, well, maybe that's changed since that was submitted.

And the ratio that these folks were given -- and I'm sure there's room for error on both sides -- but the ratio they were given was that you take the number of apartments and you figure 2-1/2 apartments per student, so if you take 232 which was their information and divide that by 2-1/2, you're going to have -- if my math is right -- 94 students, not 74. But she did not know, according to the paperwork that had been submitted at that time, that it was low income, and she said that that is a different formula, that it does go up.

Now, all of us that have worked in schools, especially if we've worked in low income areas, if we've worked in places where these kids are safer at school than they are at home, we know that for sure there's going to be way more than any 94 kids, we all know that. So that's just to clarify that.

But then that bears the question, if that information that we got from you was wrong, what else is wrong? That concerns me. And again, if they weren't told that they needed to submit that this was low income property, then the information they got back from the district is wrong, they may not be at fault. But it does make me think: Oh, dear, what else is inaccurate, what else is being misrepresented to us?

And finally, the philanthropic, altruistic idea behind it is great, and I feel a little conflicted myself, being a former teacher of kids coming from really low income, that ultimately no matter what their underlying mission is, it's a business venture for them, it's a moneymaker, just as my home purchase was for me. I invested so I can make money when I eventually sell it.

And so even though I'm conflicted and I think I don't want to be pushing those kind of folks out and saying not in my back yard, I kind of have to say not in my back yard. Just as they want to make money, so do I, and that's why we are on two different sides.

(Applause.)

MS. MEYER: William Kuschmeider.

MR. KUSCHMEIDER: I spoke at the last meeting and I mentioned about the security checks that they're going to do, the background checks they're going to do on the people that move in, and I asked them at that time are they going to do boyfriend, ex-husband background checks, and of course, we have to keep that in mind.

But what I want to do today is I want to tell you a little story. What's refreshing is that everybody that comes up here says I've lived in this neighborhood six years, seven years, ten years, nine years. Let me tell you a story.

1980, my wife Rosemary and I moved to Houston and we lived on Antoine and Tidwell, and if you know that area, in 1980 that was a pretty nice area in Houston. One afternoon on a Saturday, Rose and I were looking to buy a house and we drove out 290 which was a two-lane highway, blacktop, we turned right on Jones Road which was a two-lane both way, one way, we drove past a subdivision called Steeplechase, we drove through it. We looked at each other and we said, You know what, Hon, we can't afford to live in here.

These guys made mention of a one family apartment with an income maxed out at $25,000. When we drove by this subdivision in 1980, both of us made $25,000 each.

We bought a house out on Greens Road. We backed out of that deal and we decided we were going to take it, we were going to get strapped, and we were going to build a house. We built a house in Steeplechase in the back part of the subdivision and we paid $74,000 for that house, we lived in that house for seven years. When we sold that house, we looked in Copperfield, we looked in The Woodlands, we looked everywhere, we decided to build another house in Steeplechase. We paid $115,000 for that house which is at the very front of the subdivision. Okay. When we sold our house, we barely made a thousand dollars on that house after seven years later. Okay?

Today our property values are finally going up. We're living in what I consider a mid scale or upper scale subdivision, and with you guys building these apartments, you know what, I think you guys are doing an injustice for these low income families. You ought to be building in The Woodlands, in Memorial, in River Oaks. You're doing them an injustice. If you want these people to have better living, build there, because we're just middle class. You people need to go to The Woodlands and River Oaks.

(Applause.)

MS. MEYER: Fred Edler.

MR. EDLER: Thank you. My name is Fred Edler. I didn't intend to speak tonight but I wanted to refute something this young lady said from the management company.

I'm president of the Willow Bridge Homeowners Association, chairman of the West Road Security Alliance, and I also am the coordinator for the MUD 11 contract with the deputies. We contract with three deputies.

I questioned them about the job of security at the apartment complexes. That deputy is called a courtesy officer -- the deputies I interviewed said that's a very common term, that's what it's called -- and that they really don't work for the residents, their job is to protect the complex, the management company, the owners. Their job is to walk around the complex to make sure people aren't destroying it; their job is to check in at the pool, if something is going wrong at the pool, they will stop it. However, I was told that when it comes to family disputes and crimes committed on premises that actually an outside working on-duty patrol officer needs to be called.

So when they say they have security, it's for the security of the owners and the security of the management of the complex. It does not really truly protect the residents, it definitely does not protect the homeowners outside of that complex. Thank you.

(Applause.)

MS. MEYER: Joseph Houghton.

MR. HOUGHTON: Thank you for holding this second meeting, thank you for hearing us. My name is Joseph Houghton. I've lived in Steeplechase for about five years. I've enjoyed it but I am very concerned about the trends I've seen lately, and new apartments coming in. You've heard over and over again how many apartment complexes, low income apartment complexes we have. How many do you have to stack one right next to another, next to another, next to another? Why can't you spread them out?

I want to bring up three points I think why this is a bad idea, why they should be turned down.

One, it's a bad business decision. You've heard testimony already, several different people, businessmen talking about bad of an idea this is. These gentlemen bring up their studies and everything but they bring up skewed statistics, trying to lump other areas with Steeplechase. Skewed statistics won't work. But if you keep on building one bad complex after another, right next to each other, we've heard testimony here about the trends in the neighborhood already.

If you want to know what's going to go on in a neighborhood, what is happening in a neighborhood, don't ask some survey company, ask these people. We live there, we know. Our kids go to the school, we live there, and we know. What we say will be in those surveys later.

The second point I want to make is this really isn't helping the residents that they're bringing in. In theory it sounds good, real nice thing, let's take these people to a nice area. But if the area is already going down, if you already have schools that are consistently dangerous, if you already crime going up, you don't have the police protection to take care of the crime, and I have not heard anybody talking about contributing one single dollar toward the police protection that we're paying for in addition to our tax dollars.

My third point is there's just been too many discrepancies what they're saying. I've heard something about an application, discrepancies about whether or not there's new low income housing projects. They tell you that they contacted local people when clearly they have not. How many discrepancies are there, how many mistakes are there? At some point you have to doubt the sincerity of these people and doubt whether or not they've really done their homework.

And I ask for all these reasons, plus a lot more that everybody has said before, please turn this down.

(Applause.)

MS. MEYER: Lisa Barko-Meaux.

MS. BARKO-MEAUX: Hello, good evening. A lot of my points have already been said this evening, but I do want to get these on the record. My name is Lisa Barko, I'm a resident of Willow Bridge.

And in the research that I've conducted, I also found the regulations that are Texas Administrative Code, Title 10, Part 1, Chapter 1, Subchapter A, Rule 110(e)(1) through (11) that the TDHCA is supposed to consider. And mine that I'd like to point out have already been said, but I would like to have my piece said as well, are: number (2), the location of the proposed development; number (6), the development's proximity to other low income developments; and also the availability of adequate public facilities and services to support the residents of this proposed project.

I have to be honest, when I first heard about this project I was upset because it was low income and I was more concerned about myself, but when you look at the regs and what these types of facilities are supposed to do, they are supposed to empower and enable these people that are low income and that's why these facilities are designated for them.

With that being said, you have to look at the location and say why do you think this is wrong. We've already said there's two other facilities within less than a quarter mile, Sugar Creek and also the Spruce Manor facilities.

It's my understanding this project will be located in a volunteer fire department, Cy-Fair, which we're all grateful for, however, there have been some incidents -- on my street, as a matter of fact -- earlier this year where it wasn't the normal shift from 6:00 a.m. to 6:00 p.m. where they have staffed trucks, this was the volunteer shift on the weekend where we witnessed our neighbor's house burn. It took, according to the homeowner, about 18 minutes for the volunteers to show up and about 33 minutes for the actual trucks that could actually put water on the fire.

So I think this is a very good example of the public facilities not being adequate to support additional residents in the area.

Also, we talked about the medical center which is approximately two miles away. These people will likely have little if no access to their own transportation, there's no public transportation to get to the park-and-rides to get them to jobs, to get them to hospitals, to get them to grocery stores, to get them to pharmacies, to banks. They're going to have to walk on streets that have no sidewalks, and that poses danger for them, danger for the people in the area, as well as the grocery carts strewn along the streets.

I do want to go back and say we are very grateful for the Cy-Fair Volunteer Fire Department. They are the largest group in North America and they do a wonderful job out here.

And I've already talked about access to public transportation, and that according to the presentation, a family of three cannot earn more than $32,940 based on the AMFI that's been determined for the area. And how many people with that income will have transportation to get them around, to provide social services? There are no social services that I'm aware of in the Jersey Village Cy-Fair area, specifically along Jones Road that they may need to access. They're going to be downtown and in other facilities in other locations of the city.

I'm sorry?

MS. MEYER: You need to wrap up.

MS. BARKO-MEAUX: Okay. There is one facility called the Kindred Hospital of Houston, located very close, but that provides acute, long term service which is not what these residents would likely need. There is a pharmacy located right on Jones Road, very close but it only provides medication for children.

And I think all these points clearly show that there are inadequate services to service this proposed development, and I would request the TDHCA carefully consider if this really and truly is the best location of this facility and look at the regulations that were cited, Sections (2), (6) and (7). Thank you.

(Applause.)

MS. MEYER: Nace Peard.

MR. PEARD: I spoke before. If there is someone who hasn't spoken and has signed up.

MS. MEYER: You've still got time unless you just want to go last.

MR. PEARD: Thank you. My name is Nace Peard. I'm vice president of Steeplechase CIA and on the MUD 168 board; I've lived in the Steeplechase subdivision since 1989. And I'd like to first thank the board for getting this second meeting together so quickly. I know it's typically 30 days. Thank the developer for allowing it to happen because, as you can tell, we did need to be heard.

I really want to ask everyone on the board that their job is to approve or not approve this tax credit, it's not whether this apartment complex is in a good place or good for the community. As Mr. Green pointed out, until we know who we can vote for to change the rules, we have to ask you to help us to say no to these tax credits and these bonds that help these complexes come in. Yes, this may be a complex some day, and yes, maybe we can float a bond to make it a park and buy it ourselves, but until then, we need all the help we can get from the board to refuse what the community doesn't want.

There are places in southeast Houston and San Antonio and Corpus that have been spoken about before that want these apartments, these complexes, and for whatever reason they're coming to Harris County where the zoning is just right for this. This helped us in the '80s, it has not helped us now. We are going to try and change it but we need your help until then.

I wanted to briefly mention about statistics as far as the deputies. In our area, Sugar Creek, a deputy has told me that over 90 percent of his calls go to Sugar

Creek. He is there to protect us and we pay him, and he responds to all calls, as any officer would, but when over 90 percent of your calls go to one particular complex and it happens to be low income, it does send a signal.

And we do not want that in the community, we do not want it to pull down our crime rates, we do not what it to be a happy hunting ground for all the boyfriends, friends, neighbors' friends of the residents that are in these complexes. We know they need some assistance and help, as we've heard, but it's all their boyfriends and associates that seem to cause trouble and crime in the area.

So we do ask the board that they say no to these tax credits. Thank you.

(Applause.)

MS. MEYER: Elizabeth Hattman.

MS. HATTMAN: I'm Elizabeth Hattman, and I'm the president of the Steeplechase Community Association, and I would also like to thank the staff members from the TDHCA for arranging this second hearing, and also the developer for agreeing to come back here.

I'd like to take exception to one remark the gentleman made about Representative Elkins. He's been working with us on this for the last couple of months, we've met multiple times with his staff. It was really his protest of the last meeting that enabled and persuaded these officials to have this second hearing.

I'd also like to thank Jersey Village Mayor Heathcott who wrote a letter of opposition, as did our Commissioner Eversole. As you may know, our state senator has retired so we really don't have an active state senator at this time.

I'd also like to thank Emily Klein who is here from U.S. Congressman Culberson's office this evening.

So we have been working with our elected officials, they are supporting our opposition, and that's what I would just like to really close with.

I've been a board member since 1998 in Steeplechase. We have 1,644 homes. Let's face it, rarely do we all agree on one thing. However, in all my years of serving on the board, chairing the board, I've never seen an issue where virtually there was just unanimous agreement to oppose these projects. And so I ask that the board really take that into account.

I'd like to just quote briefly from County Commissioner Eversole's letter to the TDHCA when he said, "The residential community is adamantly opposed to the proposed location of this project." And I ask that you take that into account. Thank you.

(Applause.)

MS. MEYER: Ray Wachel.

MR. WACHEL: I'm Ray Wachel, a 19-year resident of Steeplechase. I was at the previous meeting, and I know a lot of you are sick of hearing my screaming and yelling, but I'm pretty involved there. Until somebody starts paying my way through life, I'm going to live the way I believe I need to live and say what I believe I need to say, and to who, I think, I need to say it to.

I'm opposed to this project. You know, I know what you are up to here. You're trying to make residence available for all this Katrina trash that came here from New Orleans, that's what you're trying to do.

You know, they had a job fair here in Houston at the Dome here last week -- it was on the news. Fifty-five thousand Katrina leftovers over here somewhere where they were scattered around, and they had 5,000 jobs available for those people, and you know, not one of those 5,000 jobs was taken. What does that tell you? These people want to suckle on the breast of society, they don't want to work, they want handouts, and that's what you want to put in my front yard, back yard and side yard, that's what you want to sponsor: love for your fellow man.

No, I don't love my fellow man like that. He don't love me, he's a worthless piece of trash. Okay, and you want to put him in my yard. Put him in your own yard, you do-gooder -- like hell, like hell. You guys ought to be ashamed of yourselves for building crap like this and lying about it.

Statistics, you can do anything with statistics. You can massage them to read anything you want. Why do you think we had the Enron that we had and all these affairs? Why do you think we have accountants that we have? Accounting should be simple: $2 in, $2 out, you got nothing left. It's the creative side that screws everything up, just like your skewed figures.

Okay. Can't believe any of this stuff unless you do the research yourself, you've got to do the research because you can be lied to, and you will be lied to. You'll be lied to by your state, county, federal government. You don't think they lie to you? You better stop smoking dope then.

Anyway, I'm opposed to this project, and you know what -- I shouldn't say this --

(General talking from audience.)

MR. WACHEL: Anyway, take it somewhere else. Thank you.

(Applause.)

MS. MEYER: Donna McNabb.

MS. McNABB: Hi. My name is Donna McNabb and I'm a Steeplechase resident, I have been for twelve years. My husband and I own our second home in Steeplechase, for the reason that many of you mentioned that you are in Steeplechase as well.

I want to bring up a separate point that hasn't been brought up yet. My son is seven years old, he is my only son, he is the reason I live. He goes to Brentwood Children's Academy which is across the street from this property. I'm adamantly opposed to people that will bring any harm to my son. And all the things that I've heard and the reasons I feel that he would be unsafe I think are justified.

There's also another daycare right around the corner from where Brentwood is at, and the question I would like to propose as well is why would we not allow for a liquor store to be near the children, we wouldn't allow a strip joint to be near the children, but we will put people that will bring a lot more crime to the area.

I just want to make that point now. Thank you.

(Applause.)

MS. MEYER: Ronald Green.

MR. RONALD GREEN: My name is Ronald Green. I've lived in Steeplechase for 23 years, since 1983, and we have seen the property go up and down. About the last two or three years we've seen a lot of trash on Steepleway Boulevard, bottles and beer cans and stuff like, that since these apartment complexes have been here.

I'm just going to be real short. I'm opposed to this, and my question is that if you're going to build another low income housing here and you already have several here now, to me it's inconceivable how you think you can do that. Why would it be profitable? Because it's not going to be profitable. All it's going to be profitable is to you because of tax credits. When you're getting 13-point whatever it is for that tax credit, yes, you're going to enjoy that, but for th residents in this area, they're not going to enjoy that because you've got your money and gone.

I think the state government has to be realistic and look at these things realistically and look at the residents that they're supposed to be upholding. If this meeting here is not meaningful to them to make a decision, then what are you there for? The state government should be for the people, not for the lobbyists or these people that have millions of dollars to pay for favors. This is not what the constitution is all about here in America.

I understand that everybody has a right to make money, and I'm not opposed to that, but I am opposed on a situation whereas we have no zoning laws in this state or this city, whereas it should be something of that nature where you have six apartment complexes already, a few have a tax credit, and now you want to build another one, and a lot of those apartments are not occupied, maybe some of them are going bankrupt. I mean, it doesn't make sense, it's not economically feasible, it doesn't make sense at all.

So why the heck are we here? We shouldn't be here, we should not be here. The situation is our state government needs to get a grip and they need to look at things a little more differently as opposed to yes, whatever. This is not the way to go. And if we have to change our voting style and get those people out of there and get some people who are looking at our rights, then we need to do so. That's what we really need to look at: our state government. Thank you.

(Applause.)

MS. MEYER: Jennifer Murray.

MS. MURRAY: Good evening. My name is Jennifer

Murray. I'd like to introduce myself as one of the newest residents of Steeplechase; I've lived here less than a year.

MALE SPEAKER: Welcome to the neighborhood.

MS. MURRAY: Thank you.

I think I have a little bit of a different perspective on what I'm going to share, and I guess to recap a little bit from what we had said last time, I'd introduced myself as teaching at Rice University and talking a little bit about what I teach, and that's leadership and I teach a course on entrepreneurial leadership.

And I say one of the ways that this just going through this exercise and what we're doing here is benefitting me is that when I'm in the classroom this next fall, one of the ways I will be challenging my students is say what do you do as an entrepreneurial leader when you've invested so much into a project that you feel really passionate about but then you find out it's not for the good of the community? What do you do at that point? Can you walk away, can you make that choice?

And really, I think those are the things that in theory a student in a classroom would be able to say yes, I can, but as we can see right here, it's not that easy, it's not that easy. These people have invested a lot in this project so at this point for them to be able to turn around, it takes a lot more guts and it takes a lot higher level of leadership.

So I challenge you in how you're viewing your investment and how you're handling this situation and for you to consider what really is good for this community and what your reputation is as a leader and as one of our fellow citizens in this state. So thank you.

(Applause.)

MS. MEYER: Is there anybody else that would like to speak?

MR. SWASEK: For the record, my name is Kevin Swasek and I'm one of the directors with Windermere Lakes Homeowners Association. We've seen a lot of Steeplechase residents here, we've seen a lot of Winchester area residents. I just want to say also there is one additional neighborhood that has not had representation up here that is opposed to the project, and that is Windermere Lakes. Thank you.

(Applause.)

MS. MEYER: Anyone else? Is there anybody else that would like to speak? Just state your name for the record.

MR. WILBER: My name is John Wilber. I live in the Stone Bridge, I've been there for four years, another community, like the gentleman said, is not represented here. I lived in Rolling Fork for seven years before that, so I've been in this area for eleven years now.

We saw the crime get very bad over there in Rolling Fork. We actually had the lady across the street from us, her door was kicked in and her and her boyfriend were shot dead, and my two boys -- it happened late at night -- they weren't up, but it's just too close to home for us, so we moved over to where we're at now.

Earlier a gentleman up here that I won't point out, but you all know who he was, said something about you cannot drive by these places and tell if they're affordable housing, low income housing or what. I'd invite everybody in here tonight when you leave, or tomorrow, to drive by the Sugar Creek -- I forget the road between Sugar Creek and Rock Place, but you can see on the back porch normally a family would have chairs and a grill or something, these people actually have two car seats pulled out of car are the benches they use on their porch.

You can also drive by Bristol Place. I don't now if Bristol Place is affordable housing, I'm pretty sure it's not low income housing, but please drive by the back side of Bristol Place, it's two lanes each way, the two lanes that run, I believe, north-south, the northbound lanes, the back side of Bristol Place, there's never less than 25 cars parked along that fence that closes off Bristol Place because there is not adequate parking.

They brought up to you people earlier how many parking spaces does Meadowlands offer. Do we have an idea of how many per unit?

MR. VERMA: It's 500 total.

MR. WILBER: Five hundred parking spaces total. That should be adequate, but go and look at these other two places and see what inadequacy in parking alone does.

That's all I have. Thank you. I'm from Stone Bridge, and we vehemently oppose this project too. Thank you.

(Applause.)

MS. MEYER: Anybody else?

MS. CHILDRESS: I'm from Willow Lake --

MS. MEYER: Please state your name, ma'am.

MS. CHILDRESS: Susan Childress. And we haven't been represented up here but we are also opposed to it. Unfortunately, most people work for a living, have children -- I left mine at home with a friend because I wanted to come to this and represent my whole street, my whole neighborhood.

My daughter goes to Cooke Middle School, and already they have -- I don't remember what it's called -- overloaded buses. They are riding three kids to a seat on the bus already because they're overloaded. I think that's dangerous, I hope they're going to do something about it or I'm going to be up at the school talking to them about it. That's all we need.

We won the Wal-Mart battle and got Wal-Mart out of there. However, instead of Wal-Mart, now we have what, two apartment complexes. They're very nice but we have two apartment complexes and I'm sure that's adding to the overloaded schools. That is not what we need is another apartment complex in our area.

Thank you.

(Applause.)

MS. MEYER: Please state your name.

MS. MORGAN: Hi. I'm Viva Morgan. I live in Tower Oaks and we just found out about this this afternoon, came to the meeting. Tower Oaks is north of 1960 off of Jones. We're opposed to this too, Tower Oaks is definitely opposed to this. We don't need this in our area.

I know what it's like at Antoine and Tidwell, I used to live at Antoine and Pinemont. You drive down Antoine now and look over there at those apartment units and see what kind of crime is over there now. That's why we moved out here. That's all I have to say.

(Applause.)

MS. MEYER: Anybody else? Just state your name for the record.

MR. FISHER: My name is Chip Fisher and I'm probably the newest one up here at Steeplechase, I've only been here about six months.

But as a trade person that is in the trade field, are you going to keep the upkeep on these properties up to par? What about the plumbing? When you have a problem, the sewage and everything is going to run out on the street, we all get affected from it. Are you going to teach them what not to put down the drains, the grease and all the other stuff? Because if you don't, then all of our water bills are going to go up because we're going to have to clean the drains out.

Low income housing apartment complexes, no one knows what to do. The drains and the sewers are always backed up. That's my problem.

(Applause.)

MS. MEYER: Anyone else?

MR. LITTON: My name is Bruce Litton. I've lived in Steeplechase for about eight years.

I've been real dismayed the last five or six years, as I know most of you have been, over the apartment that have gone up. Seems like every vacant lot, you're starting to see all those pipes sticking out and you go, Oh, my god, here comes more apartments. As a matter of fact, and we really don't necessarily want to, but we are considering moving because of that. I've worked in real estate in the past and I know that even these real nice apartments -- Stone Creek, I think, is the name of one of them -- over time they all go downhill, it's inevitable. So if you're starting out on the bottom end to begin with, so to speak, where does it go?

I used to do research for a real estate developer, researching apartment complexes, occupancy rates, things like that, for many of these, and so I know that, like I said, over time they will go downhill. And for that reason, we're considering moving. Thank you.

(Applause.)

MS. MEYER: Anybody else?

MR. FIKANE: My name is Les Fikane. My wife is Sylvia back in the back. We've lived in Jersey Village ever since 1982, and in 20-something years, you know what, this is the second event of something like this. There was a previous event similar to this in 1982 inside Jersey Village. A hundred percent of the local residents were all what, against it. But you know what? The backdoor politics got into the mix and there was the answer. And I promise you, America has got to wake up because your politicians are not listening to you. Is that true? That is very true, isn't it?

(Applause.)

MR. FIKANE: I promise you it's true, and so we've got to do whatever we've got to do with the results of what this comes out to be to be sure that all of us get up off of our fat duffs and do something about it. Thank you.

(Applause.)

MS. MEYER: Anybody else?

MR. MORROW: I don't have anything to say, I just want to represent another community. I wanted to talk into the mike. I want to represent Crossroads Park, we're totally opposed to this also. Ted Morrow.

MS. MEYER: Hang on just a second. Does anybody else want to make a comment? I'm going to answer questions here in just a second.

MS. McCORMICK: My name is Trisha McCormick, and I just hope that the people will realize that anyone can go to school and buy a home, you don't have to do an apartment, all you have to do is work hard, and if everybody does this, what's the point, why do we even go to school, why do we work, what are we trying to do? To come to a place like this where there is crime? It doesn't work. Thank you.

(Applause.)

MS. MEYER: Anybody else? Is there anybody else that wanted to speak? This is it.

MS. KIRK: My name is Diane Kirk. I sat on a jury about a year ago where they were trying to basically kick a family out of one of these types of low income housing places, and the property manager looked a lot like you, I don't know if it was you or not, I don't know if you've ever done that type of thing. But it was very difficult. The property manager said item after item of what this particular family had done wrong and how difficult it was to get them kicked out.

And when I was on the jury, we were trying to de3termine whether this child had had a gun and had shot it in a parking lot, and there were witnesses, two little girls, that said no, he didn't, but then there were adults that had to come up there with young children and said that they had been threatened if they came to testify. And I just hate to see that happening in our community. It looked like it happened a lot; based on what the property manager had to say it was a common type thing; and I just hate to see that over here.

Thank you. I'm opposed.

(Applause.)

MS. MEYER: Is there anybody else that wants to speak?

(No response.)

MS. MEYER: Okay. I'll answer questions as much as I possibly can. Yes, ma'am?

FEMALE SPEAKER: My question is this, when some issue like this comes up, why is the public not informed that there will be five or six or eight to these units going in all around the area? Like I said before, these people didn't even know these units are all around us already. And I think it's the state's responsibility to have the information. We can't get it.

MS. MEYER: The question is we don't inform you of everything that's in the neighborhood. It's kind of your responsibility to know what's in your neighborhood. I'm not trying to put that off. Our complete inventory of our multifamily properties is on our website. I'm not being mean, but everything we have.

FEMALE SPEAKER: Why don't you publish it?

MS. MEYER: Well, it is published, it's on our website. I can't get into that. It is published, we publish it. We update it Every time we have a board meeting.

FEMALE SPEAKER: Somebody in Austin is going to hear about it tomorrow.

MS. MEYER: Yes, sir?

MALE SPEAKER: What's the perceived property tax, the Cy-Fair school portion anticipated for this wonderful project? In other words, how much money is this project going to put into the Cy-Fair School District's budget?

MR. VERMA: We don't know.

MALE SPEAKER: Well, I'll give you an example. Sugar Creek, how many units have they got, 250-some? They pay $98,000 to the school tax fund. Now, think about that. All you homeowners, how much do you pay to the Cy-Fair School District for one little house, maybe you've got kids there, maybe you don't. And here's Sugar Creek over here paying 98 grand a year, and how many kids do you think they're pumping into the school system? Same thing over there, there's 74 children over there; that's until the 200-some women are going to get pregnant again and have more kids.

MS. MEYER: Yes, sir?

MALE SPEAKER: How many units are the building?

MS. MEYER: Two hundred thirty-six.

MALE SPEAKER: For the record, they're building 236 units, and the average family in America has 2-1/2 cars and you said 500 parking spots, they're already over max.

FEMALE SPEAKER: Are we allowed to ask questions to the developer?

MS. MEYER: Uh-huh.

FEMALE SPEAKER: I have two questions. First of all, where did you come up with your number of kids in your complex if it's 100 percent multifamily?

Secondly, if yo go look around these other apartment complexes that are the same as what you're putting in, more than half the time the security gates are broken which means that there is total access in and out, in and out. Are you going to constantly fix the gates when they're broken? Because even nice apartment complexes, the gates are broken, so what makes you any different?

And where did you come up with your number?

Because that’s been asked several times and never answered directly.

MR. VERMA: The first question about the number of students at our property that we anticipate.

FEMALE SPEAKER: No, number of kids.

MR. VERMA: Number of kids, I don’t know, but the number of students that we anticipate to attend the school district were 72 students.

FEMALE SPEAKER: How did you come up with that?

MR. VERMA: We got that information from the school district.

And to answer your other question about the security gates, well, I don’t manage those other properties. Have you been to our properties? I’ve asked you several times to come and visit our properties. We’ve invited Betty to bring everyone down to our properties we’ll be happy to show you our properties. But yes, we do maintain it. If the gate does not operate, yes, we will fix it.

FEMALE SPEAKER: But can I say this? You invited us to come one time but coming one time doesn’t really show anything. I mean, you have to go over and over again. So you didn’t answer my question again.

MALE SPEAKER: Do you live on property?

MR. VERMA: On our property?

MALE SPEAKER: Yes.

MR. VERMA: No.

(General talking from audience.)

MALE SPEAKER: What's your average length of ownership in years of the properties you own? Say hypothetically you get this property okayed, you build it, you get the tax credits, you might make a lot of cash. How quick do you plan on getting out and making it somebody else's property?

MR. VERMA: Because this is an affordable housing development, because we are under the tax credit program, TDHCA is monitoring it, our investors are monitoring it, we are here for a long time, we'll be here for 15 to 30 years, as we are on all of our tax credit developments.

FEMALE SPEAKER: Back to the number of children in this complex, there's going to be 72 three-bedroom units. Why would anybody want to have three bedrooms if they didn't have at least two children? And 72 three-bedrooms would be 104 children in those three-bedroom apartments. Then they have 104 two-bedroom apartments; that would be at least one child in that apartment and that would be 104 children. The total is 208 children in the project to fill those multiple bedroom apartments. Are they going to keep this kids locked up all the time?

MR. VERMA: There are kids, yes; those three-bedrooms will have kids. Are they going to be students? Not all of them will be students. The people that will live in our property are not renters for life. They're given that opportunity to have good, quality, safe housing and hopefully at one point they'll be able to buy a home. Isn't that the idea?

FEMALE SPEAKER: You cannot tell me that there's not going to be more children in the schools out of 208 children?

MR. VERMA: All I can tell you is we have a property, like I mentioned last time, that was completed last year that the students attend North Side Independent School District, it's a 252-unit property. We've contacted the school district, how many students are coming from our property; there are 52 students, 54 students, in that ballpark. And how many of those are new students? They can't answer that question.

(General talking from audience.)

MR. VERMA: Is our property full? yes, our property is full.

MALE SPEAKER: You say that these people aren't long term renters and hopefully they'll be able to buy a home someday, but the rents that you have quoted in here are quite a bit higher than the rents that were given by other people that have called around to other apartment complexes in the area? How do you propose somebody that's making below the poverty level is going to be able to save when they're paying $2- or $300 more a month for your apartment than they could across the street at apartments that are not subsidized by the taxpayer?

MR. VERMA: Well, first of all, the property is not subsidized.

MALE SPEAKER: The property is not but the bonds are, the tax credits.

MR. VERMA: It's not a subsidized program. But everyone is income-qualified, and if they don't earn enough, they're not able to live on the property, and vice versa, if they earn too much, they aren't able to live on the property.

MALE SPEAKER: [Inaudible.]

MS. MEYER: The board is scheduled to meet on August 30 in Austin.

MALE SPEAKER: Is it a public meeting?

MS. MEYER: It is a public meeting, the public is welcome, you are encouraged to attend. I will tell you this, it is going to be an extremely long meeting, however, we do have the bond transactions towards the front of the agenda so hopefully we will be through with the bond transactions by noon.

It starts at eight o'clock in the morning. If you do plan to come to that board meeting, I would suggest you be there when it starts. The board chair does have the right to rearrange the agenda, so you never know if something is going to move up. So if you are going to come, I encourage you to come. It is at the State Capitol in the auditorium. The agenda will be posted along with all of the board materials for this particular development on this Wednesday. It will be late in the evening, most likely, because there's so much material.

MALE SPEAKER: One more question. How many of these projects have been turned down in Houston in the last year? Has anything been turned down?

MS. MEYER: Yes, sir.

MALE SPEAKER: More than one?

MS. MEYER: More than one. Actually there have been several. I can answer that as a Open Records; you can send me an E-mail and I'll be glad to answer that question for you. Those figures, off the top of my head I can't give you.

FEMALE SPEAKER: There was one in Katy that was turned down.

MS. MEYER: That was Park West and it is on appeal.

MALE SPEAKER: It says on their presentation that a family of three can earn just under $33,000 to qualify to live in here. I've got eight kids. How much can I earn to live in your subdivision? I don't really. If I have eight kids, am I going to be allowed to move in?

MS. MEYER: Not in a three-bedroom apartment, because they have to go under our guidelines and it's two persons per bedroom.

(General talking from audience.)

FEMALE SPEAKER: I taught in Aldine for ten years, loved it, don't get me wrong, but all the apartments and all those children I taught, believe you me, there were multi families living in one apartment, and I know it was not monitored, you cannot tell me it was monitored. How do we know that it's going to be monitored?

MS. MEYER: It will be monitored by the state. I mean, it is done by our --

(General talking from audience.)

FEMALE SPEAKER: Once a year, once every six months? What is the schedule? And if so, if they catch them, I mean multi families, ten kids, God bless their hearts.

MS. MEYER: They're in violation of regulations.

FEMALE SPEAKER: Are they kicked out immediately?

MS. MEYER: No. But any time they're in material non-compliance, then they have to correct that or they put the whole deal in jeopardy.

Yes, sir?

MALE SPEAKER: [Indiscernible] how much they're going to charge, and everybody else is talking about the other apartment complexes are less expensive. Is this written in stone, or is this something just like anybody else that says, Well, we'll just drop the price down $100 or $200 cheaper?

MS. MEYER: They can adjust the rents down, they just can't go over that. And they're adjusted annually, obviously, for inflation.

Yes, sir?

MALE SPEAKER: Bringing up the point of state monitoring of these apartments, and the state already does such a great job of monitoring sex offenders, what's going to be done about sex offenders moving into those apartments? You know, this brochure says that they may do security checks or background checks, criminal checks, it doesn't say they will. There's no guarantee in here that they will do criminal background checks.

MR. THORSE: We didn't want to bring this up, but we did a three-mile search of sex offenders, 27 showed up on the map.

MALE SPEAKER: Oh, yes, they're definitely around, but we don't need more.

MR. THORSE: Twenty-six were in single family, one was in one multifamily property which was conventional, and zero were in affordable housing.

MALE SPEAKER: But we don't need any more in the neighborhood, we've already got 27, we don't need five or ten more.

MR. THORSE: They're not allowed to live in our properties.

FEMALE SPEAKER: You won't know.

MALE SPEAKER: Yes, since the state does such a good job of keeping track of them already.

MS. MEYER: Yes, sir?

MALE SPEAKER: Did you say the TDHCA board has final approval of this Meadowlands project?

MS. MEYER: For this transaction to be able to move forward, TDHCA's board has to approve it.

MALE SPEAKER: Is that final once they approve it, is it a done deal?

MS. MEYER: The Bond Review Board will actually finish out the bond transaction itself, but they deal initially with the bond transaction.

MALE SPEAKER: How many board members are here at this meeting?

MS. MEYER: Our board members don't attend the hearings.

MALE SPEAKER: Do they live in Austin?

MS. MEYER: No. Actually we have two that live here in Houston. We don't have any of our board members that live in Austin, actually.

Yes, sir?

MALE SPEAKER: Are you a member of the board, by chance?

MS. MEYER: No. I am staff.

MALE SPEAKER: Being new to the process, the last time we did battle with this, we wen through Harris County, this is now the state. How is the board appointed? Are they voted or are they appointed by the governor?

MS. MEYER: The board members are appointed by the governor; they have six-year terms; they rotate off every two years; they are confirmed by the Senate. They are governor-appointed.

MALE SPEAKER: I'd like to remind you folks this is an election year. Vote them out.

MS. MEYER: Yes, sir?

MALE SPEAKER: You said they can adjust the rent down. How far down can they adjust it?

MS. MEYER: Well, I mean, economically -- I guess they could down the economics for the deal, but there are just maximum rents that are actually imposed on the property.

MALE SPEAKER: Four hundred dollars?

MS. MEYER: I guess if it worked that way, I can't see that it would, but yes, they can adjust it down that far, but it doesn't make economic sense for the development to be able to pay its debt service on the bonds. It's right at $14 million that they're going to have debt service on.

MALE SPEAKER: You can make $32,000-something a year to live there, you could make $5- or $10,000 a year.

MS. MEYER: They have restrictions on who can move in and they usually --

MALE SPEAKER: You can make damn near nothing and live there.

MS. MEYER: They've got to be able to pay their rent.

Yes, sir?

MALE SPEAKER: Is the board going to be listening to these tapes in their entirety, or are they jut going to skim over some of the comments and some of the sheets that are turned in? Are they required to watch and listen to every single comment and question?

MS. MEYER: No. They have a complete copy of the transcript from the last meeting and this one, and I mean, they read it.

MALE SPEAKER: A copy of the transcript meaning they're going to watch the video or are you going to transcribe it?

MS. MEYER: If they wanted to see the video, they could.

MALE SPEAKER: So they may not even read the transcript then is what you're saying, so we may be commenting for nothing. They may just look at it.

MS. MEYER: I wouldn't say that about my board, no. I think if you show up to the meeting on the 30th, you will see that my board has read the information that was presented.

Any other questions?

(No response.)

MS. MEYER: Thank you very much. We appreciate you coming and attending.

(Whereupon, at 8:27 p.m., the comments were concluded.)

C E R T I F I C A T E

IN RE: Meadowlands Apartments

LOCATION: Houston, Texas

DATE: August 21, 2006

I do hereby certify that the foregoing pages, numbers 1 through 88, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Linda Mello before the Texas Department of Housing and Community Affairs.

08/23/2006

(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

APARTMENT
MARKETDATA, LLC
CONSULTANTS, ECONOMISTS, ANALYSTS

August 11, 2006

TDHCA Board of Directors
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Meadowlands Apartments
Houston, Texas

Greetings:

On August 9, 2006, I attended the TEFRA hearing for the Meadowlands Apartments to be located in Houston, Texas. I was asked by the developer to attend the meeting to comment on issues related to the market and the demand for "affordable" housing within the area surrounding the subject site. I am writing this letter so that you may know what transpired at this hearing that may not have been transcribed into the public record.

The developer of the project was only allowed to present 5 to 6 slides of his presentation, far short of fully describing the proposed project or the residents the project would serve. It really did not matter because those attending the meeting had already formed their opinion.

The following public comments can be characterized as bigoted, misleading and incorrect. I had a unique opportunity to mingle and observe as I stayed in the back of the room, where people could voice their racist remarks without it being recorded for the public record. And to my astonishment, more than a handful of protesters did not even know where the project was to be located.

Once the mob mentality took over, I heard numerous comments such as the following:

> **"We don't what this trash in our area"**
>
> **"Let them build this project in SE Houston, Greenspoint or Sharpstown"**
>
> **"We have enough trash here already"**
>
> **"Your going to lease to husbands that just got out of the joint and is a crack dealer"**

45 NE Loop 410, Suite 200 San Antonio, Texas 78216
(210) 530-0040 Fax (210) 340-5830

One particularly vocal person was Ray Watchel. He appeared to represent most of the people at the hearing as he gained a great amount of applause. Some of the comments voiced by Mr. Watchel are as follows:

> **"I'm disgusted with the idea of low income housing"**
>
> **"Enough crap in our area already"**
>
> **"You (developer) should provide police for those (other) ghetto projects"**
>
> **"The kids (at this project) are all trash and are going to tear up the schools"**
>
> **"They are going to stash their drugs in the third bedroom"**

I also found it particularly disturbing when the comments turned to a personal nature and were directed to the developer, Mr. Manish Verma. Mr. Watchel said – and I quote:

> **"Kick this back to India or where ever else he is from – Son of a "**

Equally disturbing was a comment made by State Representative Elkins where he stated,

> **"San Antonio is begging for this money – Let them go build this project in San Antonio"**

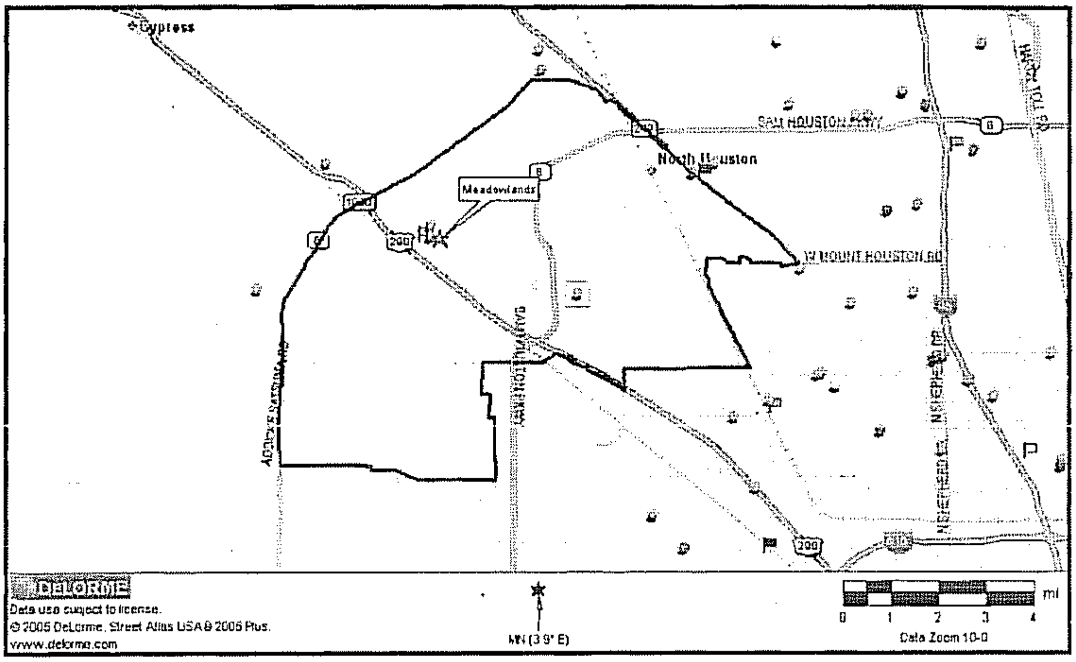
From the map below, you will see that there are currently three family and one senior "affordable" project within the Representative's District 135. The last family project allocated by TDHCA was Sugar Creek Apartments (2001). The overall occupancy for the three family projects is 98.67% (519/526 units).

Below are some of the demographics (2000) taken from the Representative's House web site.

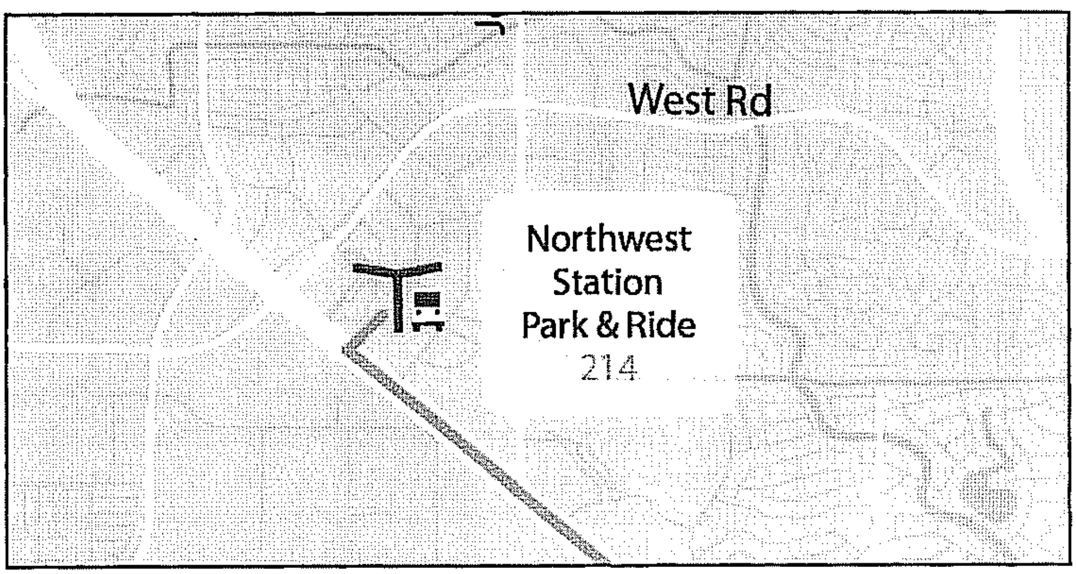
Median Income (per capita)	$24,251
HH Income <$25,000	15.2%
HH Income $25K - $50K	26.9%
HH Income $50K+	57.8%

HH Receiving SSI or Public Assistance	10.4%

Home Values	
<$50K	3.6%
$50K - $100K	50.9%
$100K+	45.5%



Beside these racially motivated statements, there were numerous misleading and incorrect statements made by the public. One of the statements was that there was not any public transportation in the area and that it would be a disservice to the residents without such service. To the contrary, the Northwest Station Park & Ride is located less than ¼ mile from the proposed site.



The Meadowlands Apartments has been designed to serve residents earning an annual income of $23,520 to $39,540. This in no way reflects the poorest of the poor. Many of these households will be service type workers that make living more convenient and comfortable for the rest of us. I am sure that those voicing opposition to this project are the first to complain when they can't find anyone to help them at Home Depot.

In conclusion, the market study for the Meadowlands Apartments supports the conclusion that more "affordable" rental housing is needed within the Primary Trade Area. Additionally, the rents to be charged are reasonable and affordable to potential residents earning 60% AMI. Thus, it is our conclusion that the project meets the underwriting guidelines as they pertain to the market analysis.

Additionally, the public comment given at the TEFRA hearing gave no valid reason for the Meadowlands Apartments not to receive an allocation. The vast majority of public comments made resemble what you would expect to hear at a Ku Klux Klan rally; not what is expected at a hearing to allocate federally sponsored funding that gives no consideration to race, color or creed.

Sincerely,

Darrell G. Jack
President

Steeplechase Community Improvement Association
11250 Steepleway Boulevard
Houston, TX 77065

August 15, 2006

Teresa Morales
TDHCA
221 EAST 11th St.
Austin, TX 78710

Dear Ms. Morales:

Enclosed is a package of public comments regarding the application for tax-exempt revenue bonds and housing tax credits for the Meadowlands Apartments. Please find the following enclosed:

> Discrepancy in Application with Attachment from Application
> Report on Signage
> Public Facilities and Services Statement with Attachments
> Cy-Fair ISD Enrollment Impact
> Report on Area Apartments
> Petitions Against the Meadowlands containing 1,232 signatures

The public comments were prepared by residents from Steeplechase, Willowbridge and Crossroads subdivisions; the signatures on petitions against the Meadowlands represent a cross-section of neighborhoods, subdivisions and apartments in our area.

Please express our thanks to Ms. Meyer, Ms. Roth and Ms. Gamble for their efforts in arranging a second public hearing next week. We do wish to clarify a point however: CFISD school officials have confirmed that they have no record of any notification of a TDHCA public hearing scheduled at Emmott Elementary School on June 27th. According to the CFISD school officials, the public hearing was never held at Emmott Elementary School on that date.

We thank you for providing all of this information to the TDHCA Board and we respectfully request the Board's consideration of the many concerns presented. Several of us do plan to attend the Board's meeting on August 30th in Austin and we would appreciate the opportunity to provide comment at that meeting.

Sincerely,

Betty Hattman

Betty Hattman

Enclosures

Discrepancy in Application for

Meadowlands Apartments

From Volume 1, Tab 7 HTC Documents, page 30 – Page Attached

4. Ineligibility Exception

The proposed Development is located in Harris County and there are three existing tax credit developments within one mile.

The box "no" is checked.

The omission of material information should be considered in disqualifying this application.

1. SET-ASIDE ELECTION

Pursuant to Section 42(g)(1)(A) & (B), the term "qualified low income housing development" means any project or residential rental property, if the development meets one of the requirements below, whichever is elected by the taxpayer." **Once an election is made, it is irrevocable.** Select only one:

☐ At least 20% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income, adjusted for family size.

☒ At least 40% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 60% or less of the area median gross income, adjusted for family size.

2. SUPPORTIVE SERVICES

Will supportive services be provided to tenants? ☒ Yes ☐ No   Services will be: ☐ Mandatory ☒ Optional
Cost of the services is included in rent? ☒ Yes ☐ No   If "No", the estimated monthly tenant expense is: $ _____

Description of services: Services will be assessed based on the needs of tenants

Name of Service Provider: TBD

Contact Name:

Address:

City: State: Zip: Phone: (   )

3. SELECTION CRITERIA POINT REDUCTIONS (HTC COMPETITIVE APPLICATIONS ONLY)

Have you requested an extension on a 2005 Carryover? ☐ Yes ☒ No
If yes, list all development numbers for which an extension was filed: ______

Has the Developer or Principal of the Applicant been removed by a lender, equity provider or limited partner in the last five years? ☐ Yes ☒ No   If yes, provide a detailed description of every removal including the development # of the development for which the removal took place behind this form. If court proceedings for a removal are pending at the time of Application, disclose this information as well.

4. INELIGIBILITY EXCEPTION

As described in §50.5(a)(7) of the QAP, is the proposed development located in a municipality/county that has more than twice the state average of tax credit units per capita? ☐ Yes ☒ No
As described in §50.5(a)(8) of the QAP, is the proposed Development located in Bexar, Harris, Dallas or Tarrant County and located within one mile of an existing tax credit development? ☐ Yes ☒ No
If yes to either of these, provide documentation of an acceptable exception, under §50.5(a)(7) or (8) behind this form.

If your Development is located in Bexar, Harris, Dallas or Tarrant County, to your knowledge, is the Development within one linear mile of another tax credit application/award in the 2006 calendar year (Tax Exempt Bond or Competitive HTC Award)? ☐ Yes ☒ No

Report on the Sign posted on the site of the "Proposed Multifamily Residential Rental Community"

Size and Placement
The sign itself is four feet tall and eight feet wide and appears to be made of ½ inch plywood. It is set 11 feet 2 inches off of Steepleway Drive. It faces Steepleway Drive. It is held on to two 4X4 posts with screws, three in each side.

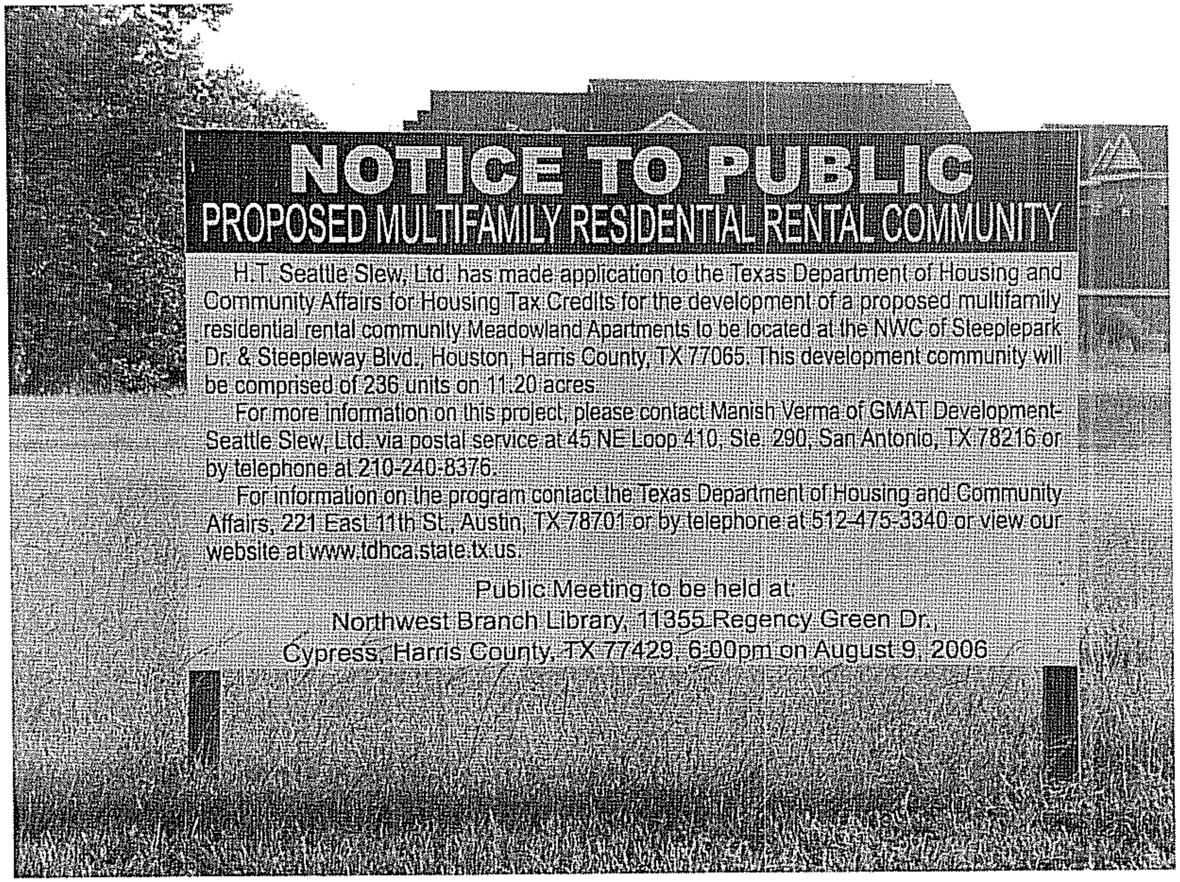
The Addendum sign below stating that a Public Meeting will be held at the Northwest Branch Library is 10 inches tall and 8 feet long. It is also held on the same two 4X4 posts with screws, two in each side.

Letter Size
The letters in the words "NOTICE TO PUBLIC" are all uppercase and in five-inch (5") tall letters.
The letters in the words "PROPOSED MULTIFAMILY RESIDENTAL RENTAL COMMUNITY" are all uppercase and in four-inch (4") tall letters.

The letters in the body of the text are in upper case and lower case letters. The upper case letters are two (2) inches tall and the lower case letters are one and one-half (1-½) inches tall.

According to requirements: letters in the body of the text are to be two (2) inches tall.

Accuracy of the Sign
When you dial 1-210-240-8376 the phone rings, then another phone rings and you get a message "Please your message for 210-240-8376"
The contact information for Manish Verma is listed on the state website as 210-530-0090


NOTICE TO PUBLIC
PROPOSED MULTIFAMILY RESIDENTIAL RENTAL COMMUNITY
H.T. Seattle Slew, Ltd. has made application to the Texas Department of Housing and Community Affairs for Housing Tax Credits for the development of a proposed multifamily residential rental community Meadowland Apartments to be located at the NWC of Steeplepark Dr. & Steepleway Blvd., Houston, Harris County, TX 77065. This development community will be comprised of 236 units on 11.20 acres.
For more information on this project, please contact Manish Verma of GMAT Development-Seattle Slew, Ltd. via postal service at 45 NE Loop 410, Ste. 290, San Antonio, TX 78216 or by telephone at 210-240-8376.
For information on the program contact the Texas Department of Housing and Community Affairs, 221 East 11th St., Austin, TX 78701 or by telephone at 512-475-3340 or view our website at www.tdhca.state.tx.us.
Public Meeting to be held at:
Northwest Branch Library, 11355 Regency Green Dr.,
Cypress, Harris County, TX 77429 6:00pm on August 9, 2006

Public Facilities and Services Statement

According to Texas Administrative Code, the Department (TDHCA) shall consider those topics outlined in TAC, Title 10, Part 1, Chapter 1, Subchapter A, Rule §1.10 (e) (1) through (11). We respectfully request that the TDHCA Board factor in and consider (2) the location of the proposed development, (6) the development's proximity to other low income housing developments and (7) the availability of adequate public facilities and services available to support the proposed Meadowlands Apartments.

The proposed location of the Meadowlands Apartments is not the most appropriate place for this type of facility. The proposed location is within .25 mile of the Spruce Manor tax credit low-income apartments and on the same land parcel as Sugar Creek Apartments, another tax credit low-income multi-family housing project.

In addition, the proposed location is within the territory of a volunteer fire department (CyFair), there is no access to public transportation (METRO), presently there are no sidewalks on Steeplepark Drive or along Jones Road to accommodate increased pedestrian traffic, the closest full service medical center is approximately two miles away, and there are few if no social service offices located in the CyFair / Jersey Village area, specifically along Jones Road.

The proposed facility serves a purpose, but should be located in an area that empowers and enables the proposed low income tenants to have access to the most basic necessities of everyday life such as easy access to public transportation, safety in the event of an emergency, medical services, and sidewalks leading to grocery stores, banks, laundromats and eating establishments.

Impacts to the Volunteer Fire Department:
Discussions with the Fire Chief of Jersey Village, Kathleen Hutchens, indicate that the proposed Meadowlands Apartment project would be located within the CyFair Volunteer Fire Department territory (Please see Attachment A–). Amy Ramone, in the business office of the CyFair Volunteer Fire Department informed me during a telephone conversation on August 14, 2006, that the CyFair Volunteer Fire Department maintains paid utility trucks, Monday through Friday, from 6:00 AM through 6:00 PM. The Department relies on volunteers to staff the remaining schedule, Monday through Friday, 6:00 PM through 6:00 AM, Saturdays and Sundays. In addition, the CyFair Volunteer Fire Department has an "Automatic Aid Agreement" in place with the Jersey Village Fire Department.

Despite the unique size of the CyFair Volunteer Fire Department, the largest volunteer force in North America, and its' alliance with the City of Jersey Village, my neighbors and I watched early one Sunday morning in April as my neighbor's house, 4 doors down on Therrell Drive, in Willowbridge burned as we waited for the Fire Department to arrive. While the CyFair volunteers did show up within 18 minutes, they were in sports utility vehicles without the ability to do anything except stand around and watch as we did. Thirty-three minutes later the pump trucks appeared. This is an unacceptable response time in me and my neighbor's opinions. We are tremendously grateful for the CyFair Volunteer Fire Fighters but this is one example where we believe public facilities and services are inadequate.

Access to Public Transportation:
According to the TDHCA presentation on August 9, 2006, 100% of the units at the Meadowlands Apartments will serve families at 60% of the Area Median Family Income (AMFI). A family of three that can earn no more combined income than $32,940 AMFI may not, and will likely not have access to dependable transportation. As a result, it makes logical sense to locate these types

of facilities/projects in areas where residents can easily utilize public transportation systems such as the Metropolitan Transit Authority of Harris County (METRO) transportation services.

There are no METRO bus routes on Jones Road or West Road, the two main access ways to US 290 W (18502 Hempstead), the location of the METRO 214 Northwest Station Park & Ride (Please see Attachment B-). This is the closest METRO facility which offers transportation services. There are no other METRO routes in the immediate area other than those routes leaving the METRO Park & Ride facilities.

Therefore, there are no public transportation system routes in place to access theses facilities if you do not have your own vehicle. In order to identify any other METRO routes in the area, we entered in both of the origin addresses, 11200 and 11298 Steeplepark Drive, and the endpoint address, the METRO Park & Ride facility located at 18502 Hempstead. The following METRO Trip Planning message appeared, "We could not find any connections between the origin of your trip and the destination (ending point) of your trip at the requested time. This may be due to one of the following:

- Your request is for times during the day when service is not provided in that area.
- Your requested origin and/or destination are not within 0.5 miles of the closest transit stop.
- Your request will require an unreasonable number of transfers or duration of longer than three hours."

We have included information from METRO and maps from MapQuest supporting the above information (Please see Attachment B-). We have provided an overview map of METRO Park & Ride Locations, the most recent 214 Northwest Station schedule and destination information (08/14/06), route information from the proposed project site on Steeplepark Drive to the METRO 214 Northwest Station Park & Ride Facility, and proof that no other METRO bus routes exist to provide transportation for the potential residents of the Meadowlands Apartments the two miles to reach the METRO 214 Northwest Station Park & Ride Facility. In addition to no bus routes servicing the Meadowlands Apartments, there is also no local cab service.

Availability of Pedestrian Sidewalks to Businesses:
We have included pictures to document that there are no sidewalks in the vicinity of the proposed Meadowlands Apartment projects site, or on the west side of Jones Road leading to local businesses. Sidewalks enable safe mobility for those on foot traveling to and from their place of work and local business establishments such as grocery stores, banks, restaurants, etc. As the following photographs illustrate, there are no sidewalks located along Jones Road or in the vicinity of the proposed Meadowlands Apartments on Steeplepark Drive (Please see Attachment C-). Photograph 1 is facing north towards West Road from the Discount Tire parking lot (9550 Jones Road). Photograph 2 is facing south towards FM 1960, also from the Discount Tire parking lot. Photograph 3 is facing north towards West Road from the Slick Willies Family Pool Hall parking lot (9638 Jones Road). Photograph 4 is facing south towards FM 1960 also from the Slick Willies Family Pool Hall parking lot. Photograph 5 is facing south towards FM 1960 at the intersection of Steeplepark Drive and Jones Road. Photograph 6 is facing north towards West Road from the parking lot just across the Steeplepark Drive and Jones Road intersection. Photograph 7 is facing south towards FM 1960 from the same parking lot just across the Steeplepark Drive and Jones Road intersection. Photograph 8 is facing west towards the proposed extension of Steeplepark Drive and the location of the proposed Meadowlands Apartments. Photograph 9 is facing east on Steeplepark Drive towards Jones Road.

The closest grocery stores are Randalls, over half a mile away (Please see Attachment D–), Krogers and Food Town -located on opposite corners of the intersection of Jones Road and West Road. The physical distance to the grocery stores will result in grocery carts strewn along the area between the Meadowlands Apartments and the grocery stores. The closest bank is the Washington Mutual Branch at the intersection of Jones Road and West Road. Increased foot traffic along roadsides without sidewalks has the potential to result in pedestrian/vehicular accidents.

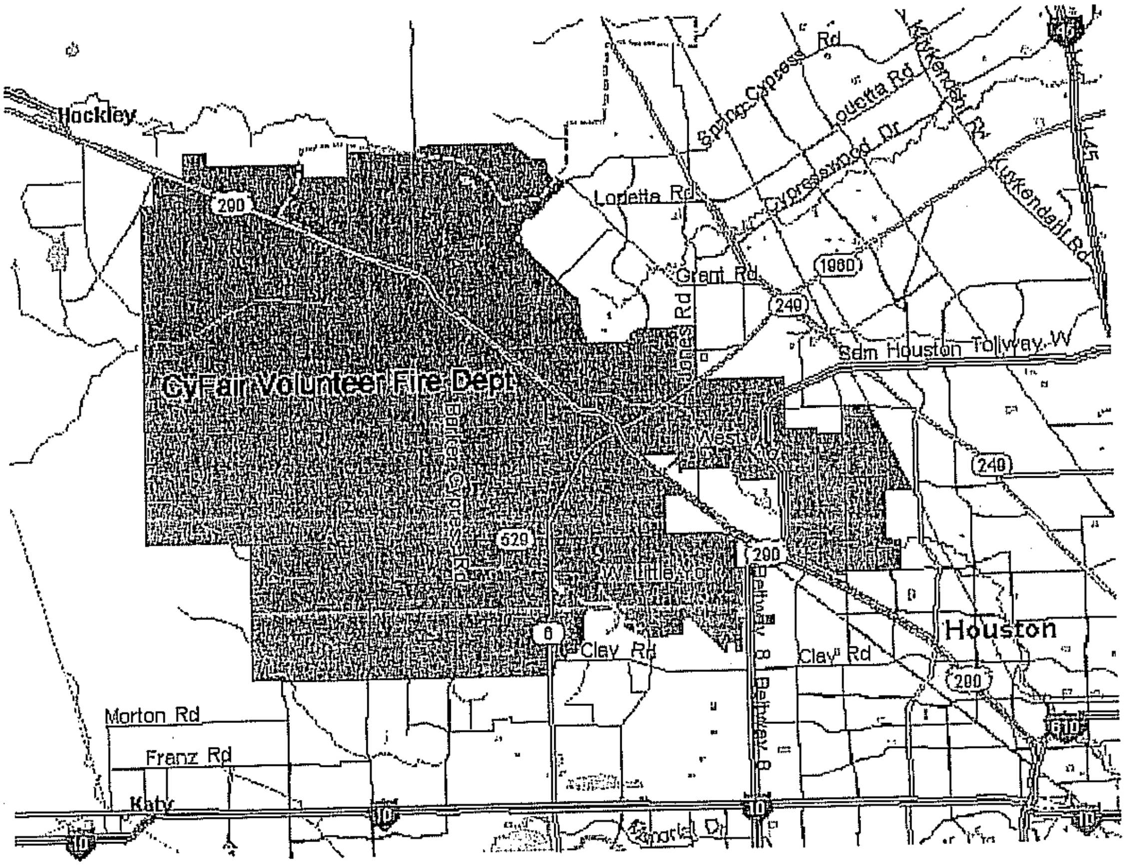
Access to Medical/Hospital Services:
The closest full service hospital is the Cypress Fairbanks Medical Center, which is located 1.86 miles away from the proposed Meadowlands Apartments project. We have provided a map from MapQuest showing the location of the proposed Meadowlands Apartments, the route to the Cypress Fairbanks Medical Center, and a list of the hospitals listed in the 77065 zip code within close vicinity of the project site (Please see Attachment E–). At first glance, there appears to be several hospitals located very close to the project site. Phone calls made on August 14, 2006, and closer examination reveals that the two closest facilities, the Kindred Hospital Houston and the Vencor Hospital Houston, are the same facility. The Kindred Hospital Houston was formerly known as the Vencor Hospital Houston. More important, the Kindred Hospital Houston only offers "Long Term Acute Care." No access to public transportation, no local cab service, and no pedestrian sidewalks in the area to access the Cypress Fairbanks Medical Center~~hospital~~ clearly illustrates that the public facilities and services available are inadequate to serve this proposed development.

The closest clinic is the Clinica Hispana Clinic at 9720 Jones Road. I entered the clinic on August 14, 2006, Monday evening at approximately 6:30 PM to inquire about the services provided. No pamphlets were available for inclusion in this statement. About 20 to 30 people, lots of children, were in the waiting room. The RC2 Pharmacy is located in the same shopping center in a different suite; however, the RC2 Pharmacy only carries medication for children.

Access to Social Service Agencies:
It is our understanding that the proposed tenants may have special needs and require specific social services. There are few social service offices in the Jersey Village / CyFair Area. With no public transportation, no local cab service, and no pedestrian sidewalks in the area to easily access hospitals or other necessary services, such as medical emergencies and checkups, grocery stores, banks, pharmacies and social service agencies we would like the TDHCA Board to carefully consider if this is the best location for the Meadowlands Apartments project and potential tenants.

ATTACHMENT A:

CYFAIR VOLUNTEER FIRE DEPARTMENT TERRITORY


Hockley
290
Spring-Cypress Rd
Louetta Rd
Kuykendahl Rd
Cypresswood Dr
Grant Rd
1960
249
Jones Rd
Sam Houston Tollway W
CyFair Volunteer Fire Dept.
529
290
Houston
6
Clay Rd
Clay Rd
Morton Rd
Franz Rd
Katy
10

ATTACHMENT B:

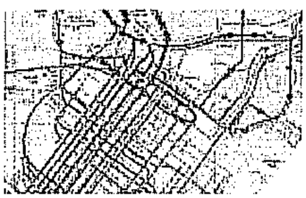
ACCESS TO PUBLIC TRANSPORTATION: METRO

PUBLIC FACILITIES

METRO

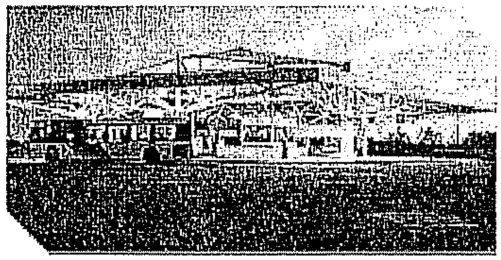
HOME

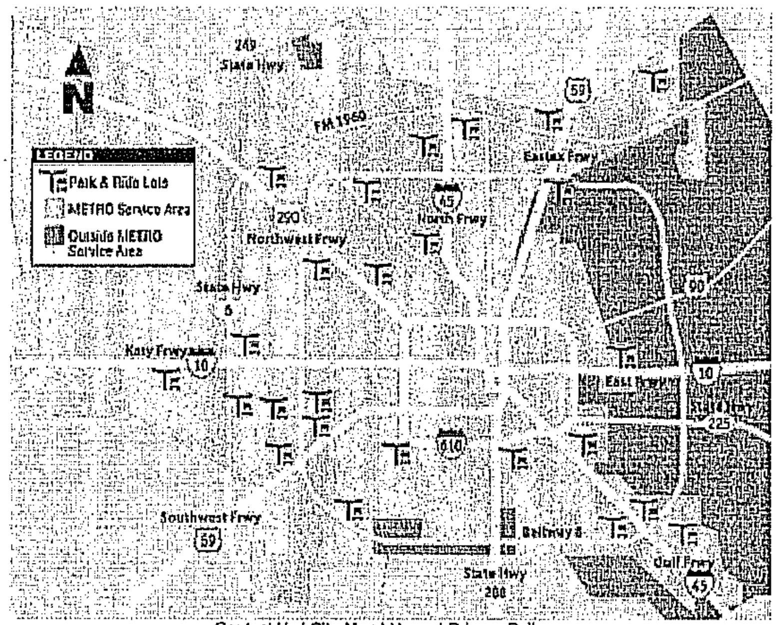
- Transportation Services
- Schedules & Maps
- Fare Information
- How to Ride
- METRO Police
- News
- METRO Solutions
- About METRO
- Business Opportunities
- METRO Jobs
- Contact Us



PARK & RIDE LOCATIONS

This is a clickable image-map. Click on the Park & Ride lot you wish to know more about.





Contact Us | Site Map | Home | Privacy Policy
Send comments about this site to webmaster@ridemetro.org

MAPQUEST.

Start: **[11200-11298] Steeplepark Dr**
Houston, TX 77065, US

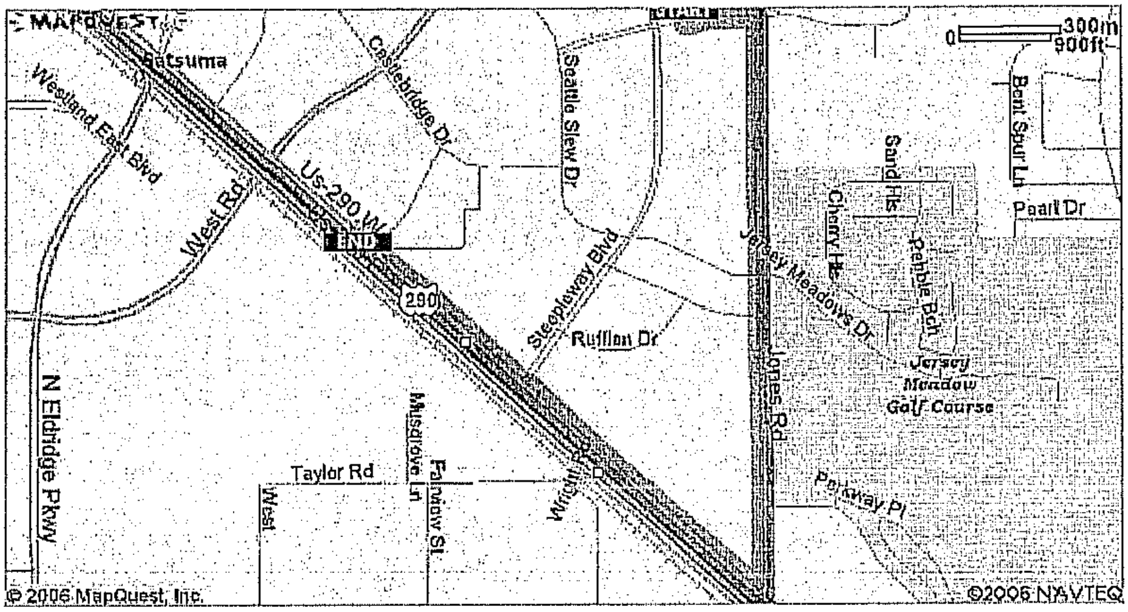
End: **18502 Northwest Fwy**
Houston, TX 77065-4794, US

Notes:

* Route to the METRO 214 Northwest Station Park and Ride (18502 Hempstead) is approximately 2 miles away.

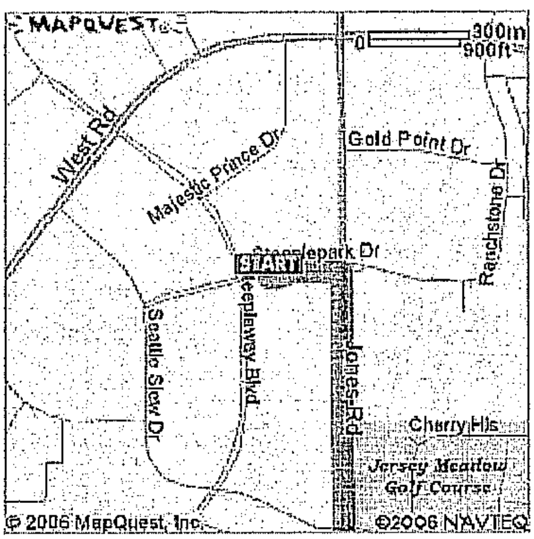
Directions	Distance
Total Est. Time: 4 minutes **Total Est. Distance:** 2.01 miles	
START **1:** Start out going EAST on STEEPLEPARK DR toward JONES RD.	0.1 miles
2: Turn RIGHT onto JONES RD.	0.9 miles
3: Turn RIGHT onto US-290 W / NORTHWEST FWY.	0.9 miles
END **4:** End at **18502 Northwest Fwy** Houston, TX 77065-4794, US	
Total Est. Time: 4 minutes **Total Est. Distance:** 2.01 miles	

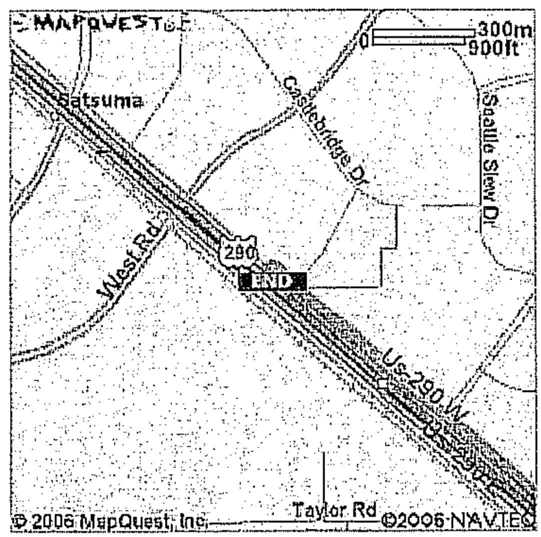
Printer-friendly page sponsored by HP



Start:
[11200-11298] Steeplepark Dr
Houston, TX 77065, US

End:
18502 Northwest Fwy
Houston, TX 77065-4794, US





NORTHWEST CORRIDOR

EFFECTIVE **AUGUST 14, 2005** | POSTED **AUGUST 14, 2005**

713-635-4000
www.ridemetro.org
METRO

* **214** Northwest Station **216** W. Little York/Pinemont

Commuter Service to and from

Downtown

Northwest Transit Center

Northwest Station Park & Ride

Pinemont Park & Ride

West Little York Park & Ride

LE Late Evening

MD Midday Service

Directional Signage

Destination Sign

Inbound	214 Northwest Station
	216 W. Little York/ Pinemont
	Downtown
Outbound	214 Northwest Station
	216 W. Little York/ Pinemont

Bus/Rail Connection

This route connects to METRORail Red Line.

Transfer

Transfers are free (for equal or less expensive service), and are valid for three hours. Insert into the Ticket Processing Unit (TPU) of the farebox each time you board the bus. Transfers must be obtained when you pay your fare. If transferring to service of greater cost, pay full fare on the first bus.

The RideStores

Buy any METRO fare item and METRO I.D. cards ($2) at all RideStores. Accessible to persons with disabilities.

Downtown

1900 Main: Mon.-Fri. 7:30 a.m.-5:30 p.m.

1001 Travis: Mon.-Fri. 7:30 a.m.-5:30 p.m.

The METROStops

Buy METRO fare items at grocery store courtesy booths, including some H-E-Bs, Gerlands, Fiesta Marts, Foodarama, Rice Epicurean Markets, Randalls Food Markets, Kroger Food Stores and Sellers Bros. Inc. Fare items also are available for sale in local malls and check-cashing locations. Call 713-635-4000 for the location nearest you.

Customer Information Center

Route & Scheduling Information
713-635-4000

Public Comments 713-658-0180

Lost & Found 713-658-0854

Se Habla Español

Información de Rutas y Horarios
Comentarios del público
Oficina de objetos perdidos
713-635-4000

Rótulos Direccionales

Rótulo de Destino

Hacia la ciudad	214 Northwest Station
	216 W. Little York/ Pinemont
	Downtown
Hacia las afueras de la ciudad	214 Northwest Station
	216 W. Little York/ Pinemont

Conexión Autobús/Tren

Esta ruta conecta a la Línea Roja del METRORail.

Boletos de Transbordo

Los boletos de transbordo son gratis (por un servicio de igual o menor valor), y son válidos por tres horas. Inserte el boleto de transbordo en la Unidad de Procesamiento de Boletos (TPU, por sus siglas en inglés) de la caja de pago cada vez que aborde el autobús. Debe obtener los boletos de transbordo necesarios en el momento de pagar por su viaje. Si va a transbordar a un servicio de mayor valor, pague el costo completo al abordar su primer autobús.

Las Tiendas RideStores

Compre cualquier producto para usar el servicio de METRO que necesite, así como Tarjetas de Identificación de METRO ($2.00), en todas las tiendas RideStores. Estas tiendas son accesibles a personas con incapacidades.

En El Centro de la Ciudad

1900 Main: de lunes a viernes 7:30 a.m. a 5:30 p.m.

1001 Travis: de lunes a viernes 7:30 a.m. a 5:30 p.m.

Los establecimientos METROStops

Compre productos para usar el servicio de METRO en los puestos de Servicio al Consumidor de los supermercados, como algunas tiendas H-E-B, Gerlands, Fiesta Marts, Foodarama, Rice Epicurean Markets, Randalls Food Markets, Kroger Food Stores y Sellers Bros. Inc. Se venden también estos productos en los centros comerciales y en los negocios en donde se cambian cheques. Llame al 713-635-4000 para localizar el lugar más cercano a usted.

Centro de Información al Usuario

Información concerniente a rutas y horarios
713-635-4000

Comentarios del público
713-658-0180

Artículos perdidos y encontrados
713-658-0854

The Fare/Commuter | La Tarifas/Viajero Diario

Zone 2 | Zona 2 Pinemont

Fare Type / Tipo de Tarifa	Adult / Adulto	Discount** / Descontado	Youth*** / Ni os
Cash / En efectivo	$ 2.60*	$ 1.10	$ .65
30 Day Pass / Pase para 30 días	78.00	36.95	22.15
365 Day Pass / Pase por 365 días	702.00	52.00	52.00

Zone 3 | Zona 3 Northwest Station | W. Little York

Fare Type / Tipo de Tarifa	Adult / Adulto	Discount** / Descontado	Youth*** / Ni os
Cash / En efectivo	$ 3.00*	$ 1.25	$ .85
30 Day Pass / Pase para 30 días	94.00	42.85	25.70
365 Day Pass / Pase por 365 días	846.00	52.00	52.00

* Full fare, one-way

** Discounts for seniors, students (middle and high school), disabled persons and Medicare card holders. Requires proper METRO I.D. card.

*** Ages 5-11 years. Children under 5 ride free if accompanied by an adult.

* Tarifa completa, sólo de ida.

** Descuentos para ciudadanos mayores, estudiantes (de secundaria), personas con incapacidades y personas con tarjeta de Medicare. Se requiere la Tarjeta de Identificación de METRO apropiada.

*** Niños de 5 a 11 años de edad. Los niños menores de 5años no pagan pasaje, si viajan acompañados por un adulto.

Save time and money with METRO's 7-Day, 30-Day and 365-Day Passes and get unlimited rides on METRO Local bus service and METRORail, as well as all Commuter services outside of rush hour.

Ahorre tiempo y dinero con los pases de METRO para 7 días, 30 días y 365 días y obtenga viajes ilimitados en el servicio local de autobuses y en METRORail, así como en todos los viajes de servicio de larga distancia (Commuter Service) en las horas de menor transito.

214 Northwest Station Weekday Inbound

Footnotes:

- $ Rush Hour Trips. Full Fare Charged.
- * These trips serve the 214 Northwest Station and 216 W. Little York/ Pinemont lots. Check Bus Destination signs.
- A Route A Trip travels from Louisiana & Pierce to Louisiana & Lamar.
- B Route B Trip travels from Louisiana & Lamar to Louisiana & Preston

	Northwest Station Park & Ride ❶	W Little York Park & Ride ❷	Pinemont Park & Ride ❸	Northwest Transit Center ❹	Smith & Preston ❺	Louisiana & St Joseph Pkwy ❼	Louisiana & Lamar ❽	Smith & Jefferson ❻
	AM Peak / 5-9 am							
$	5:00			5:12	5:22			5:29
$	5:15			6:27	5:37			5:44
$	5:30			5:42	5:52			5:59
$	5:45			5:57	6:07			6:14
$	5:55			6:07	6:17			6:26
$	6:00			6:12	6:22			6:31
$	6:05			6:17	6:27			6:36
$	6:10			6:27	6:37			6:47
$	6:15			6:30	6:40			6:50
$	6:20			6:35	6:45			6:55
$	6:24			6:39	6:49			6:59
$	6:28			6:43	6:53			7:03
$	6:32			6:50	7:00			7:10
$	6:36			6:51	7:01			7:11
$	6:40			6:55	7:05			7:15
$	6:44			6:59	7:09			7:19
$	6:48			7:08	7:18			7:28
$	6:52			7:09	7:19			7:29
$	6:56			7:16	7:26			7:36
$	7:00			7:17	7:27			7:37
$	7:04			7:21	7:31			7:41
$	7:08			7:28	7:38			7:48
$	7:12			7:29	7:39			7:49
$	7:16			7:36	7:46			7:56
$	7:20			7:40	7:50			8:00
$	7:25			7:42	7:52			8:02
$	7:30			7:50	8:00			8:10
$	7:35			7:55	8:05			8:15
$	7:40			8:00	8:10			8:20
$	7:45			8:05	8:15			8:24
$	7:50			8:10	8:20			8:29
$	7:55			8:15	8:25			8:34
$	8:00			8:20	8:30			8:39
$	8:05			8:25	8:35			8:44
$	8:10			8:30	8:40			8:48
$	8:20			8:38	8:48			8:56
$	8:30			8:48	8:58			9:06
$	8:45			9:03	9:13			9:21
$	8:45			9:03	9:13			9:21
	Midday / 9 am - 3 pm							
	9:00	9:08*	9:16	9:32	9:42	9:50		
	9:40	9:48*	9:56	10:12	10:22	10:30		
	10:20	10:28*	10:36	10:52	11:02	11:10		
	11:00	11:10*	11:20	11:37	11:47	11:55		
	11:40	11:50*	12:00	12:17	12:27	12:35		
	12:20	12:30*	12:40	12:57	1:07	1:15		
	1:00	1:10*	1:20	1:37	1:47	1:56		
	1:40	1:50*	2:00	2:17	2:27	2:35		
	2:20	2:30*	2:40	2:57	3:07	3:15		
	2:52	3:02*	3:12	3:29	3:39	3:47		
	PM Peak / 3-7 pm							
B	3:27						3:57	
A	3:33					4:03		
A	3:55					4:25		
A	4:10					4:40		
A	4:27					4:57		
A	4:32					5:02		
B	4:37						5:07	
A	4:44					5:14		
B	4:47						5:17	
A	4:54					5:24		
A	4:57					5:27		
B	5:03						5:33	
A	5:05					5:35		
B	5:11						5:41	
B	5:17						5:47	
A	5:19					5:49		
A	5:29					5:59		
	5:47					6:17		
	5:56					6:26		
	6:04					6:34		
	6:12					6:42		
	6:47					7:17		
	Late Evening / 7-11 pm							
	7:50					8:20		
	9:32					10:00		

214 Northwest Station Weekday Outbound

Footnotes:

- $ Rush Hour Trips. Full Fare Charged.
- * These trips serve the 214 Northwest Station and 216 W. Little York/ Pinemont lots. Check Bus Destination signs.
- A Route A Trip travels from Louisiana & Pierce to Louisiana & Lamar.
- B Route B Trip travels from Louisiana & Lamar to Louisiana & Preston

	6 Smith & Jefferson	7 Louisiana & St Joseph Pkwy	8 Louisiana & Lamar	9 Louisiana & Capitol	10 Louisiana & Congress	4 Northwest Transit Center	3 Pinemont Park & Ride	2 W Little York Park & Ride	1 Northwest Station Park & Ride
AM Peak / 5-9 am									
	5:29								6:04
	5:44								6:19
	5:59								6:34
	6:14								6:49
	6:26								7:01
	6:31								7:06
	6:36								7:11
	6:47								7:22
	6:50								7:25
	6:55								7:30
	6:59								7:34
	7:03								7:38
	7:11								7:46
	7:15								7:50
	7:19								7:54
	7:28								8:03
	7:29								8:04
	7:37								8:12
	7:50								8:31
		8:00*	8:04	8:06	8:08	8:20	8:30	8:40	8:50
		8:40*	8:44	8:46	8:48	9:00	9:10	9:20	9:30
Midday / 9 am - 3 pm									
		9:20*	9:24	9:26	9:28	9:40	9:50	10:00	10:10
		10:00*	10:04	10:06	10:08	10:20	10:30	10:40	10:50
		10:40*	10:44	10:46	10:48	11:00	11:10	11:20	11:30
		11:20*	11:24	11:26	11:28	11:40	11:50	12:00	12:10
		12:00*	12:04	12:06p	12:08	12:20	12:30	12:40	12:50
		12:40*	12:44	12:46	12:48	1:00	1:10	1:20	1:30
		1:20*	1:24	1:26	1:28	1:40	1:50	2:00	2:10
		2:00*	2:04	2:06	2:08	2:20	2:30	2:40	2:50
		2:35*	2:39	2:41	2:43	2:55	3:05	3:15	3:25
		2:55*	2:59	3:01	3:03	3:15			3:31
PM Peak / 3-7 pm									
$		3:15	3:20	3:23	3:25	3:37			3:53
$		3:30	3:35	3:38	3:40	3:52			4:08
$		3:45	3:51	3:54	3:57	4:09			4:25
$		3:50	3:56	3:59	4:02	4:14			4:30
$		3:55	4:01	4:04	4:07	4:19			4:35
$			4:06	4:09	4:12	4:24			4:42
$		4:05	4:11			4:27			4:45
$ B			4:16	4:19	4:22	4:34			4:52
$ A		4:15	4:21			4:37			4:55
$ B			4:25	4:28	4:31	4:43			5:01
$ A		4:23	4:29			4:45			5:03
$ B			4:33	4:36	4:39	4:51			5:09
$ A		4:31	4:37			4:53			5:11
$ B			4:41	4:44	4:47	4:59			5:17
$ A		4:39	4:45			5:01			5:19
$ B			4:49	4:52	4:55	5:07			5:25
$ A		4:47	4:53			5:09			5:27
$ B			4:57	5:00	5:03	5:15			5:33
$ A		4:53	5:01			5:20			5:38
$ B			5:05	5:09	5:13	5:27			5:45
$ A		5:01	5:09			5:28			5:46
$ B			5:09	5:13	5:17	5:31			5:49
$ B			5:13	5:17	5:21	5:35			5:53
$ A		5:09	5:17			5:36			5:54
$ B			5:17	5:21	5:25	5:39			5:57
$ B			5:21	5:25	5:29	5:43			6:01
$ A		5:17	5:25			5:44			6:02
$ B			5:29	5:33	5:37	5:51			6:09
$ A		5:25	5:33			5:52			6:10
$ B			5:38	5:42	5:46	6:00			6:18
$ A		5:35	5:43			6:02			6:20
$ B			5:48	5:52	5:56	6:10			6:28
$ A		5:45	5:53			6:12			6:30
$ B			5:58	6:02	6:06	6:20			6:38
$ A		5:55	6:03			6:22			6:40
$ B			6:08	6:12	6:16	6:28			6:46
$		6:05	6:12	6:16	6:19	6:31			6:47
$		6:15	6:22	6:20	6:29	6:41			6:57
$		6:25	6:32	6:36	6:39	6:51			7:07
$		6:35	6:40	6:43	6:46	6:58			7:14
$		6:50	6:55	6:58	7:01	7:13			7:29
Late Evening / 7-11 pm									
		7:05*	7:09	7:11	7:13	7:25	7:33	7:40	7:50
		7:35*	7:39	7:41	7:43	7:55	8:03	8:10	8:20
		8:35*	8:39	8:41	8:43	8:55	9:10	9:22	9:32
		9:35*	9:39	9:41	9:43	9:55	10:10	10:22	10:32

216 W. Little York/Pinemont Weekday Inbound

Footnotes:

$ Rush Hour Trips. Full Fare Charged.

* These trips serve the 214 Northwest Station and 216 W. Little York/ Pinemont lots. Check Bus Destination signs.

	1 Northwest Station Park & Ride	2 W Little York Park & Ride	3 Pinemont Park & Ride	4 Northwest Transit Center	5 Smith & Preston	7 Louisiana & St Joseph Pkwy	6 Smith & Jefferson
AM Peak / 5-9 am							
$		5:25	6:35	5:44	5:54		6:04
$		6:00	6:10	6:19	6:29		6:39
$		6:15	6:25	6:34	6:44		6:54
$		6:30	6:40	6:49	6:59		7:09
$		6:42	6:52	7:01	7:11		7:21
$		6:54	7:04	7:13	7:23		7:33
$		7:06	7:16	7:25	7:35		7:45
$		7:18	7:28	7:37	7:47		7:57
$		7:30	7:40	7:49	7:59		8:09
$		7:42	7:52	8:01	8:11		8:21
$		7:55	8:05	8:14	8:24		8:34
$		8:05	8:15	8:24	8:34		8:44
$		8:15	8:25	8:34	8:44		8:54
$		8:30	8:40	8:49	8:59		9:09
$		8:45	8:55	9:04	9:14		9:24
Midday / 9 am - 3 pm							
	9:00*	9:08	9:16	9:32	9:42	9:50	
	9:40*	9:48	9:56	10:12	10:22	10:30	
	10:20*	10:28	10:36	10:52	11:02	11:10	
	11:00*	11:10	11:20	11:37	11:47	11:55	
	11:40*	11:50	12:00	12:17	12:27	12:35	
	12:20*	12:30	12:40	12:57	1:07	1:15	
	1:00*	1:10	1:20	1:37	1:47	1:55	
	1:40*	1:50	2:00	2:17	2:27	2:35	
	2:20*	2:30	2:40	2:57	3:07	3:15	
	2:52*	3:02	3:12	3:29	3:39	3:47	
PM Peak / 3-7 pm							
		3:47				4:12	
		4:17				4:42	
		4:32				4:57	
		4:47				5:12	
		5:02				5:27	
		5:32				5:57	
		5:52				6:17	

216 W. Little York/Pinemont Weekday Outbound

	Smith & Jefferson (6)	Louisiana & St Joseph Pkwy (7)	Louisiana & Lamar (8)	Louisiana & Capitol (9)	Louisiana & Congress (10)	Northwest Transit Center (4)	Pinemont Park & Ride (3)	W Little York Park & Ride (2)	Northwest Station Park & Ride (1)
				AM Peak / 5-9 am					
	6:04							6:34	
	6:39							7:09	
	6:54							7:24	
	7:09							7:39	
	7:21							7:51	
	7:33							8:03	
	7:45							8:15	
		8:00*	8:04	8:06	8:08	8:20	8:30	8:40	8:50
	8:09							8:39	
		8:40*	8:44	8:46	8:48	9:00	9:10	9:20	9:30
				Midday / 9 am - 3 pm					
		9:20*	9:24	9:26	9:28	9:40	9:50	10:00	10:10
		10:00*	10:04	10:06	10:08	10:20	10:30	10:40	10:50
		10:40*	10:44	10:46	10:48	11:00	11:10	11:20	11:30
		11:20*	11:24	11:26	11:28	11:40	11:50	12:00	12:10
		12:00*	12:04	12:06	12:08	12:20	12:30	12:40	12:50
		12:40*	12:44	12:46	12:48	1:00	1:10	1:20	1:30
		1:20*	1:24	1:26	1:28	1:40	1:50	2:00	2:10
		2:00*	2:04	2:06	2:08	2:20	2:30	2:40	2:50
		2:35*	2:39	2:41	2:43	2:55	3:05	3:15	3:25
		2:55	2:59	3:01	3:03	3:15			3:31
				PM Peak / 3-7 pm					
$		3:05	3:09	3:13	3:15	3:27	3:35	3:45	
$		3:35	3:39	3:43	3:45	3:57	4:05	4:15	
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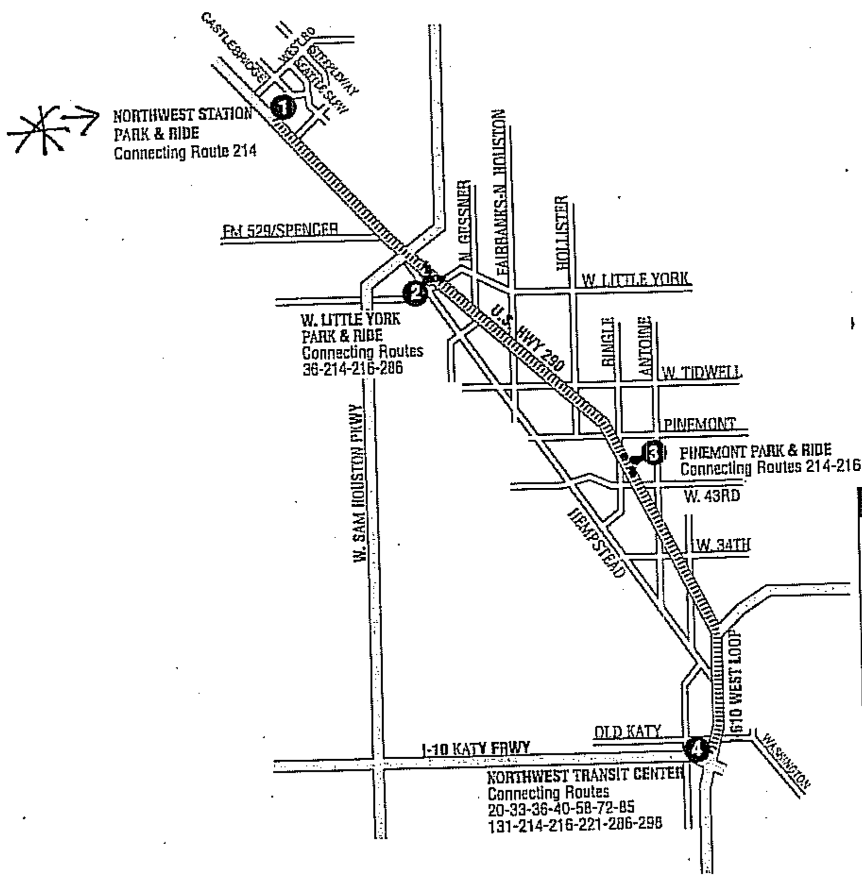
$		5:05	5:11	5:18	5:20	5:32	5:40	5:50	
$		5:15*	5:21	5:28	5:30	5:42	5:50	6:00	6:10
$		5:25	5:30	5:35	5:37	5:49	5:57	6:07	
$		5:35	5:40	5:45	5:47	5:59	6:07	6:17	
$		5:50	5:65	6:00	6:02	6:14	6:22	6:32	
$		6:05	6:10	6:15	6:17	6:29	6:37	6:47	
$		6:35	6:39	6:43	6:45	6:57	7:05	7:15	
				Late Evening / 7-11 pm					
		7:05*	7:09	7:11	7:13	7:25	7:33	7:40	7:50
		7:35*	7:39	7:41	7:13	7:55	8:03	8:10	8:20
		8:35*	8:39	8:41	8:43	8:55	9:10	9:22	9:32
		9:35*	9:39	9:41	9:43	9:55	10:10	10:22	10:32

Footnotes:

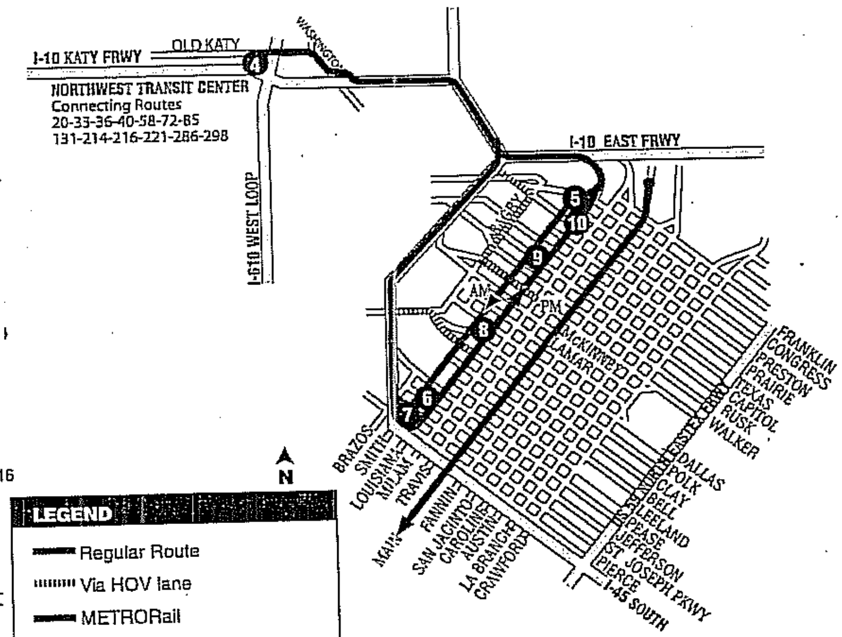
$ Rush Hour Trips. Full Fare Charged.

* These trips serve the 214 Northwest Station and 216 W. Little York/ Pinemont lots. Check Bus Destination signs.

Park & Ride Lots/Northwest Corridor Routing



Downtown Area to Northwest Transit Center/Northwest Corridor Routing



LEGEND

- Regular Route
- Via HOV lane
- METRORail
- ❶ Point where time is shown on schedule. Time points can be used as references to estimate when the bus will arrive at your stop.

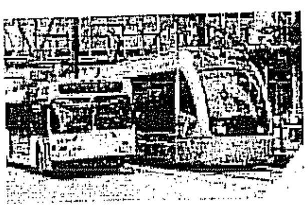
Travel Time
Northwest Station Park & Ride Lot to/from Downtown = approximately 45 minutes
W. Little York Park & Ride Lot to/from Downtown = approximately 40 minutes
Pinemont Park & Ride Lot to/from Downtown = approximately 30 minutes

METRO

HOME

trip planner | schedules | locations | help

- Transportation Services
- Schedules & Maps
- Fare Information
- How to Ride
- News
- METRO Solutions
- About METRO
- Business Opportunities
- METRO Jobs
- Contact Us



TRIP PLANNING

To plan your next trip follow steps1 through 3 below.
For further instructions on submitting your request, see our help files.

We could not find any connections between the origin of your trip and the destination (ending point) of your trip at the requested time. This may be due to one of the following:

- Your request is for times during the day when service is not provided in that area.
- Your requested origin and/or destination are not within 0.5 miles of the closest transit stop.
- Your request will require an unreasonable number of transfers or a duration of longer than three hours.

Please try modifying your request, or see HELP for search tips on input. For assistance call **Customer Information at 713-635-4000.**
Clear All/ Reset Form

1 Enter a Date and Time for departure or arrival.

Date: 08-14-2006 mm-dd-yyyy Calendar

Time: 7:30 ◉ am ○ pm

Direction: ◉ Departure ○ Arrival

2 Enter your Starting Point.
Use an address, intersection or landmark.
Examples: "901 Bagby St" or "Main St & St. Joseph" or "Minute Maid Park"

11200 STEEPLEPARK DR, HOUSTON, 77065

- or - -- Select from Landmarks--

3 Enter your Destination.
Use an address, intersection or landmark.
Examples: "901 Bagby St" or "Main St & St. Joseph" or "Minute Maid Park"

18502 NORTHWEST FWY, HOUSTON, 77065

- or - -- Select from Landmarks--

Sort Results by Number of Transfers

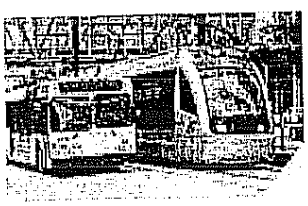
Get Trip Plan | Start Over

METRO

◀ HOME

trip planner | schedules | locations | help

Transportation Services
Schedules & Maps
Fare Information
How to Ride
News
METRO Solutions
About METRO
Business Opportunities
METRO Jobs
Contact Us



TRIP PLANNING

To plan your next trip follow steps1 through 3 below.
For further instructions on submitting your request, see our help files.

✳ We could not find any connections between the origin of your trip and the destination (ending point) of your trip at the requested time. This may be due to one of the following:

- Your request is for times during the day when service is not provided in that area.
- Your requested origin and/or destination are not within 0.5 miles of the closest transit stop.
- Your request will require an unreasonable number of transfers or a duration of longer than three hours.

Please try modifying your request, or see HELP for search tips on input. For assistance call **Customer Information at 713-635-4000.**
Clear All/ Reset Form

1. Enter a Date and Time for departure or arrival.

   Date: 08-14-2006 mm-dd-yyyy Calendar

   Time: 7:30 ◉ am ○ pm

   Direction: ◉ Departure ○ Arrival

2. Enter your Starting Point.
   Use an address, intersection or landmark.
   Examples: "901 Bagby St" or "Main St & St. Joseph" or "Minute Maid Park"

   ✳ 11298 STEEPLEPARK DR, HOUSTON, 77065

   - or - -- Select from Landmarks--

3. Enter your Destination.
   Use an address, intersection or landmark.
   Examples: "901 Bagby St" or "Main St & St. Joseph" or "Minute Maid Park"

   ✳ 18502 NORTHWEST FWY, HOUSTON, 77065

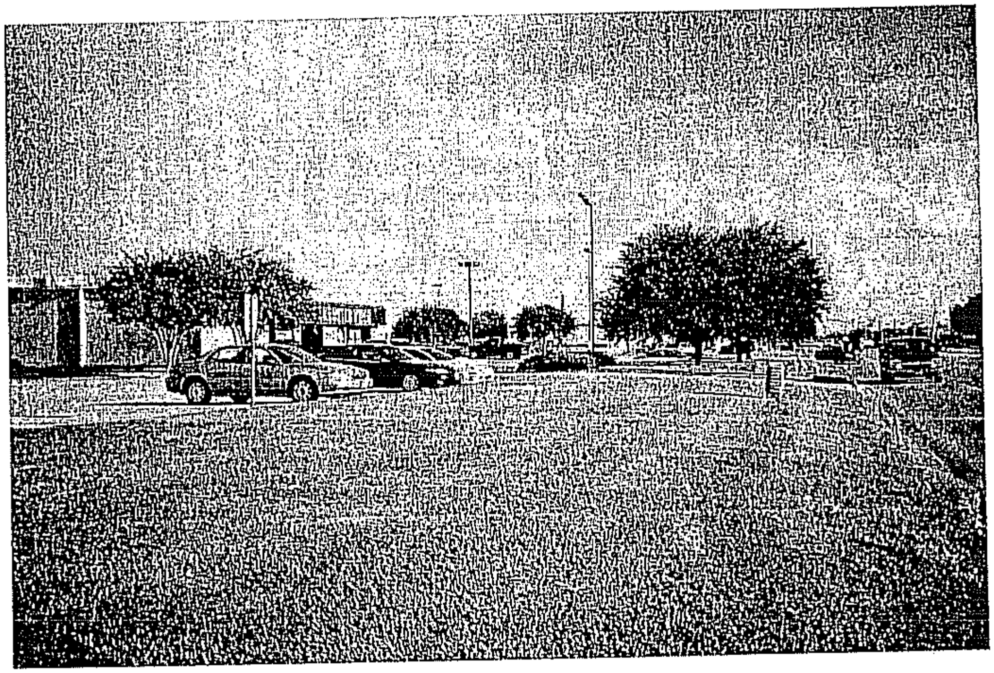
   - or - -- Select from Landmarks--

   Sort Results by Number of Transfers

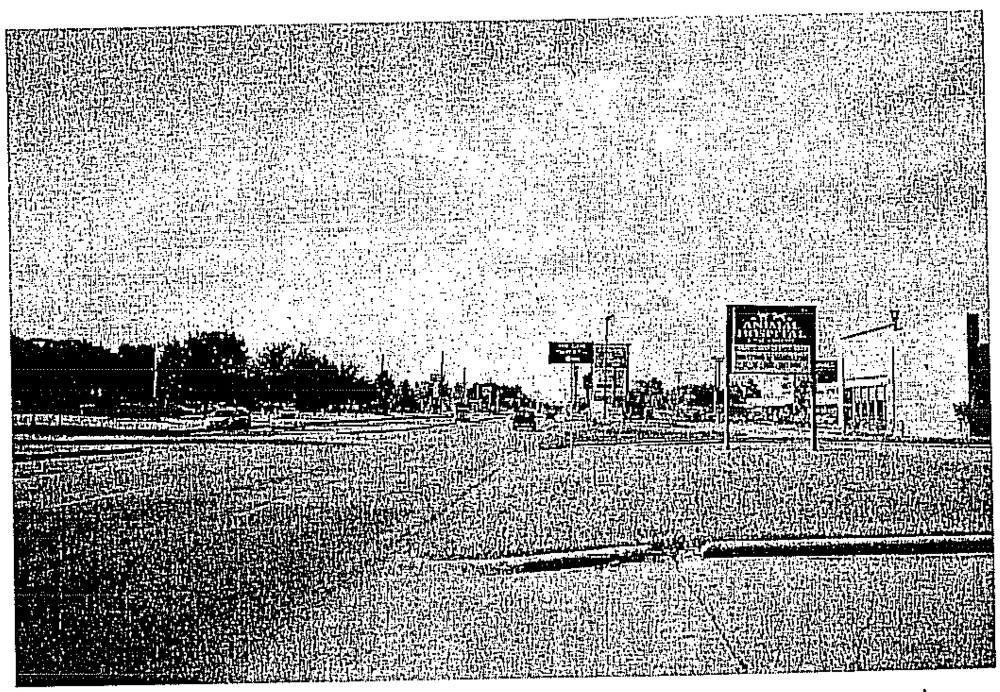
Get Trip Plan | Start Over

ATTACHMENT C:

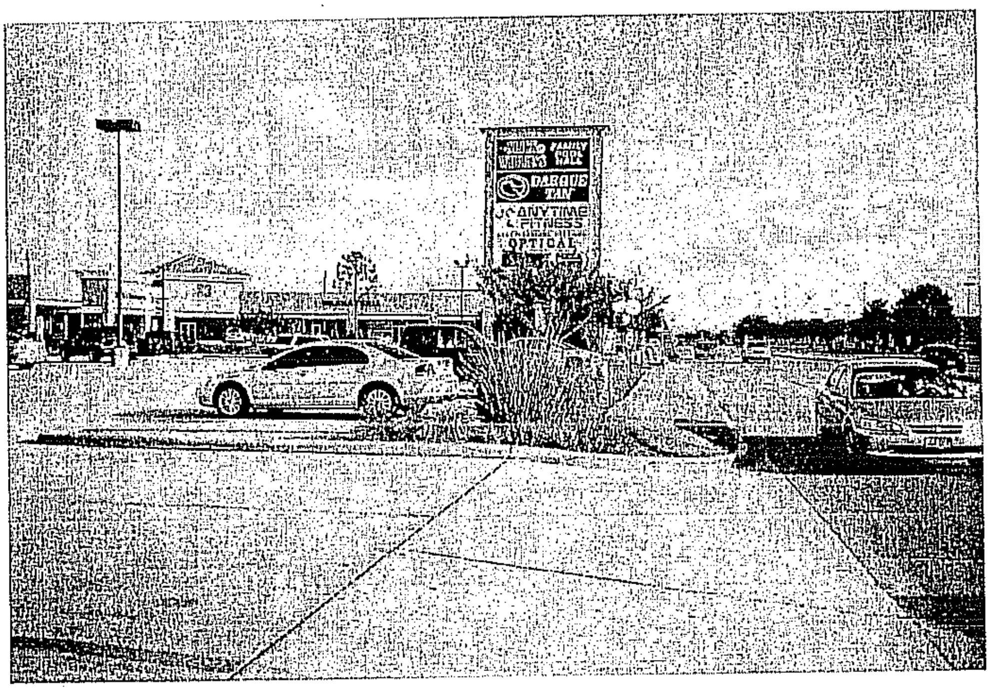
DOCUMENTATION OF NO PEDESTRIAN SIDEWALKS ON JONES ROAD OR STEEPLEPARK DRIVE



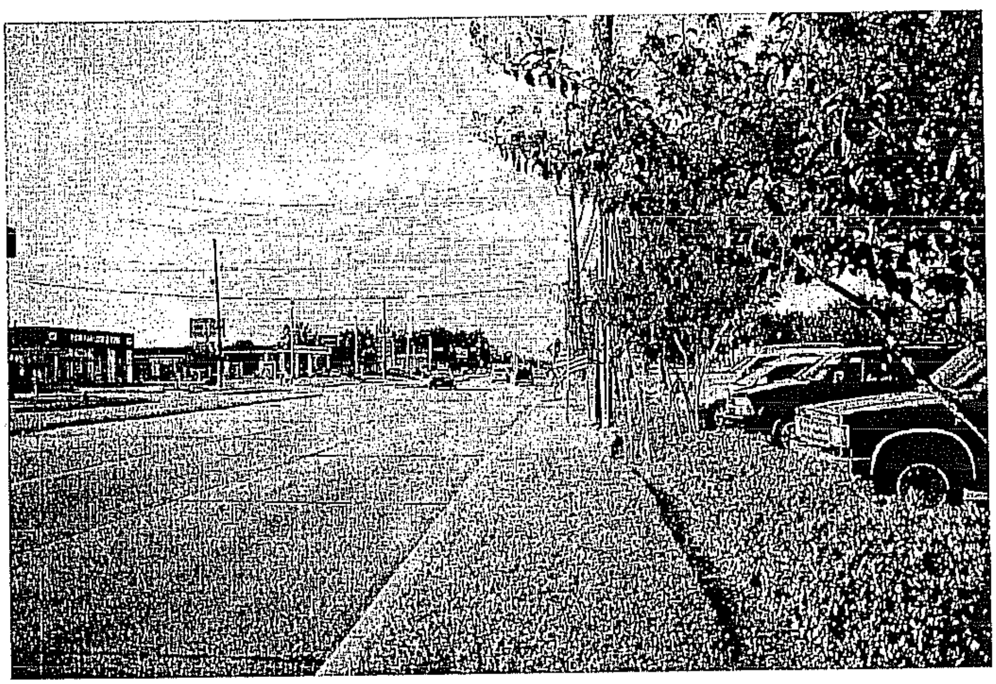
Photograph 1. Facing north towards West Road from the Discount Tire parking lot on Jones Road (9550 Jones Road).



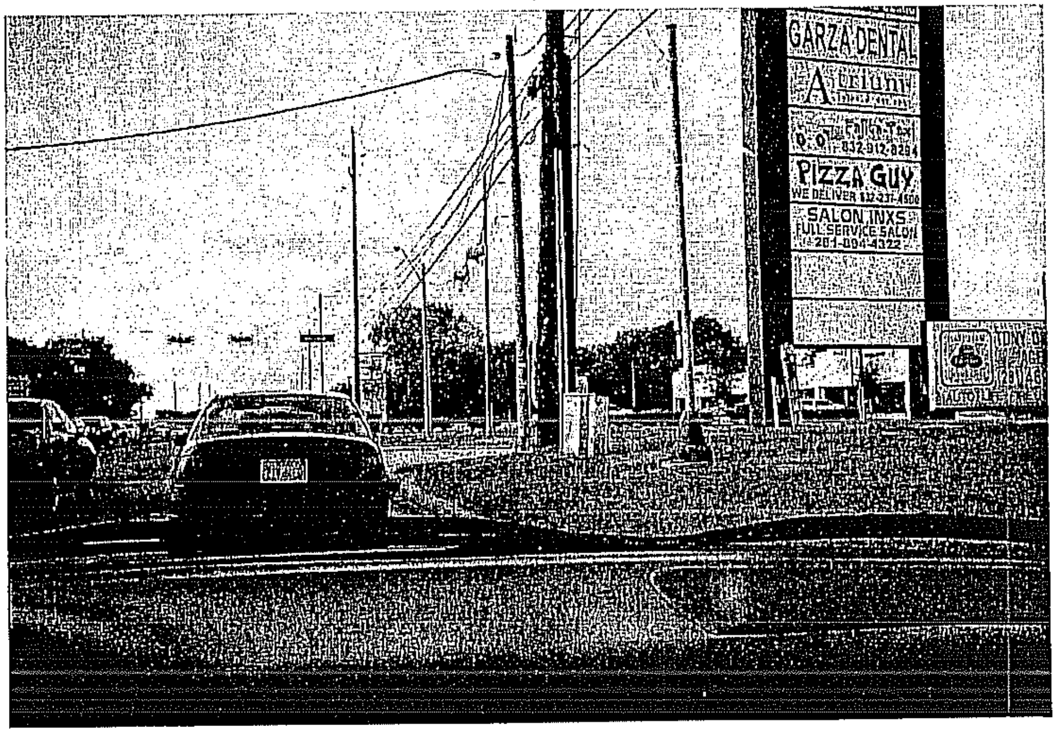
Photograph 2. Facing south towards FM 1960, also from the Discount Tire parking lot.



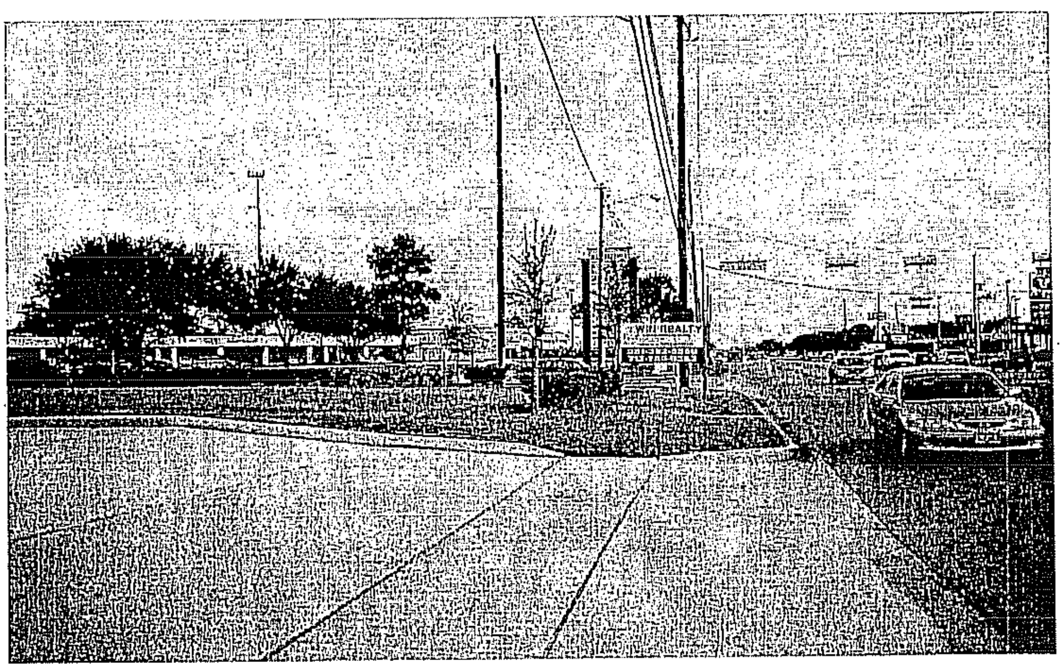
Photograph 3. Facing north towards West Road from the Slick Willies Family Pool Hall parking lot on Jones Road (9638 Jones Road).



Photograph 4. Facing south towards FM 1960, also from the Slick Willies Family Pool Hall parking lot.

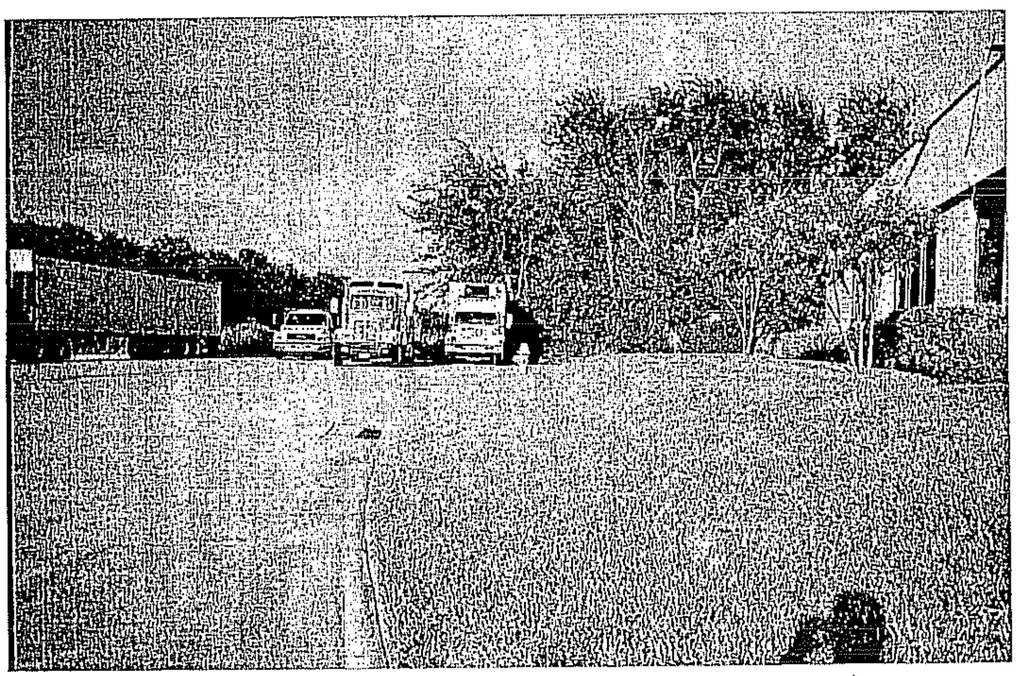


Photograph 5. Facing south towards FM 1960 at the intersection of Steeplepark Drive and Jones Road.



Photograph 6. Facing north towards West Road from the parking lot just across the Steeplepark Drive and Jones Road intersection.

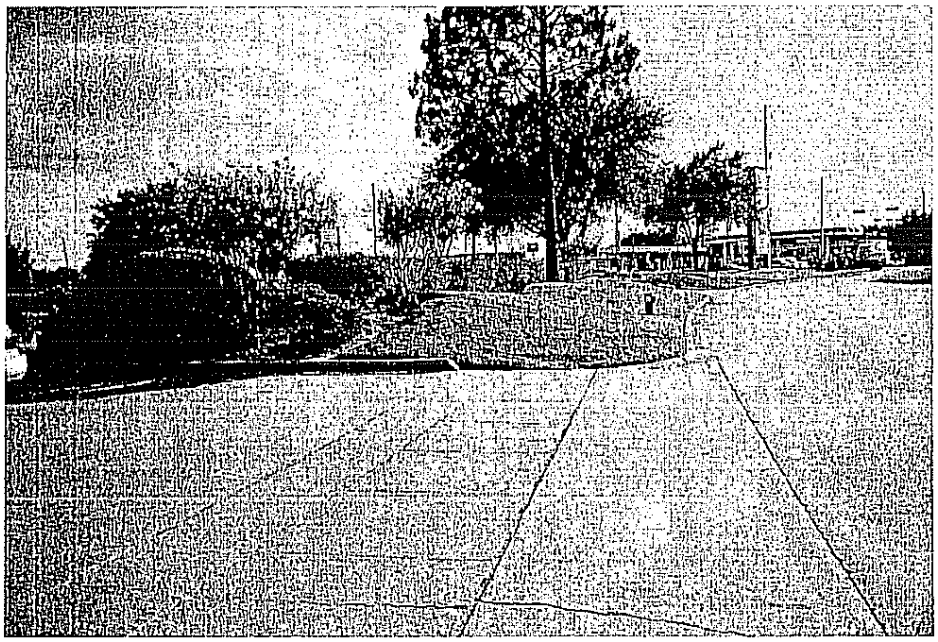
Photograph 7. Facing south towards FM 1960 from the same parking just across the Steeplepark Drive and Jones Road intersection.



Photograph 8. Facing west towards the proposed extension of Steeplepark Drive and the location of the proposed Meadowlands Apartments.

ATTACHMENT D:

ACCESS TO GROCERY STORES



Photograph 9. Facing east on Steeplepark Drive towards Jones Road.

ATTACHMENT E:

ACCESS TO HOSPITALS / FULL MEDICAL SERVICES

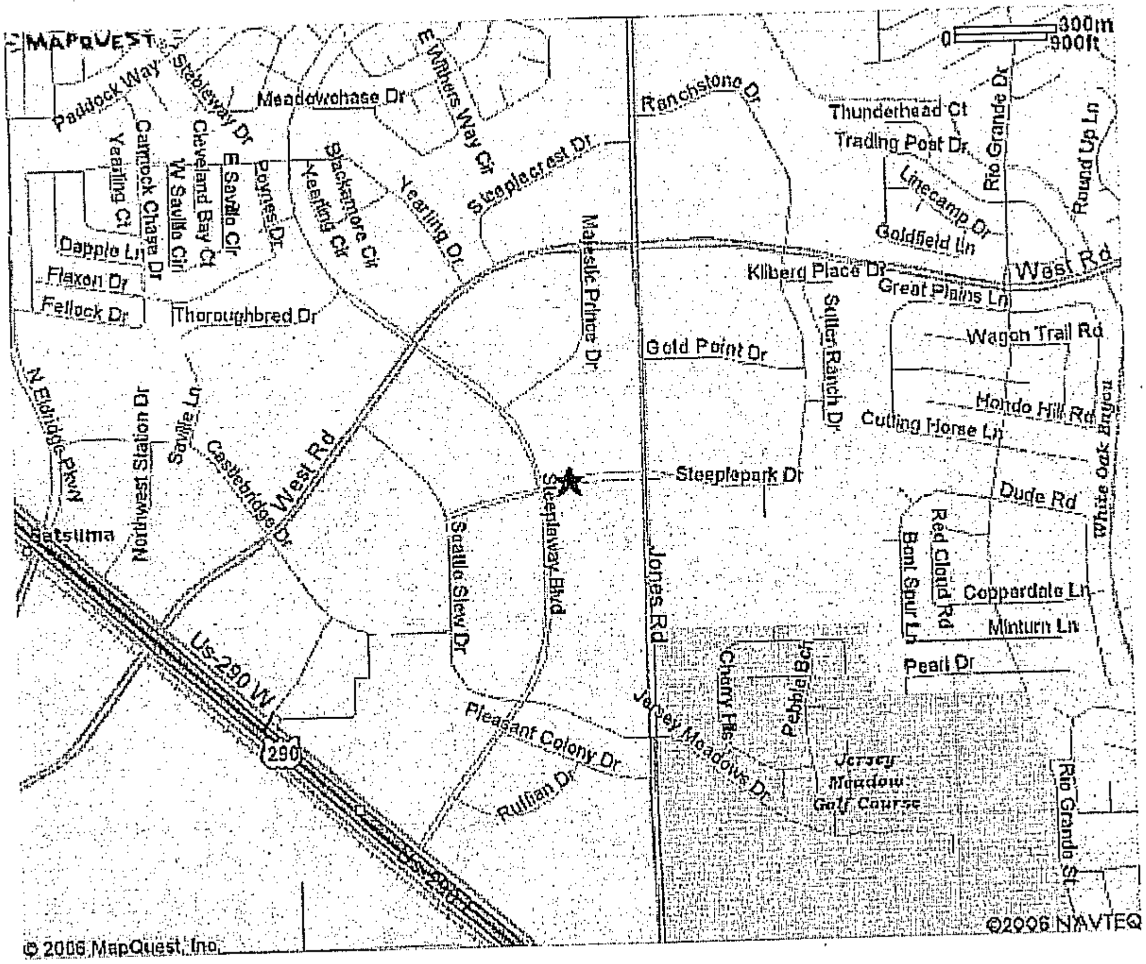
 HOSPITALS

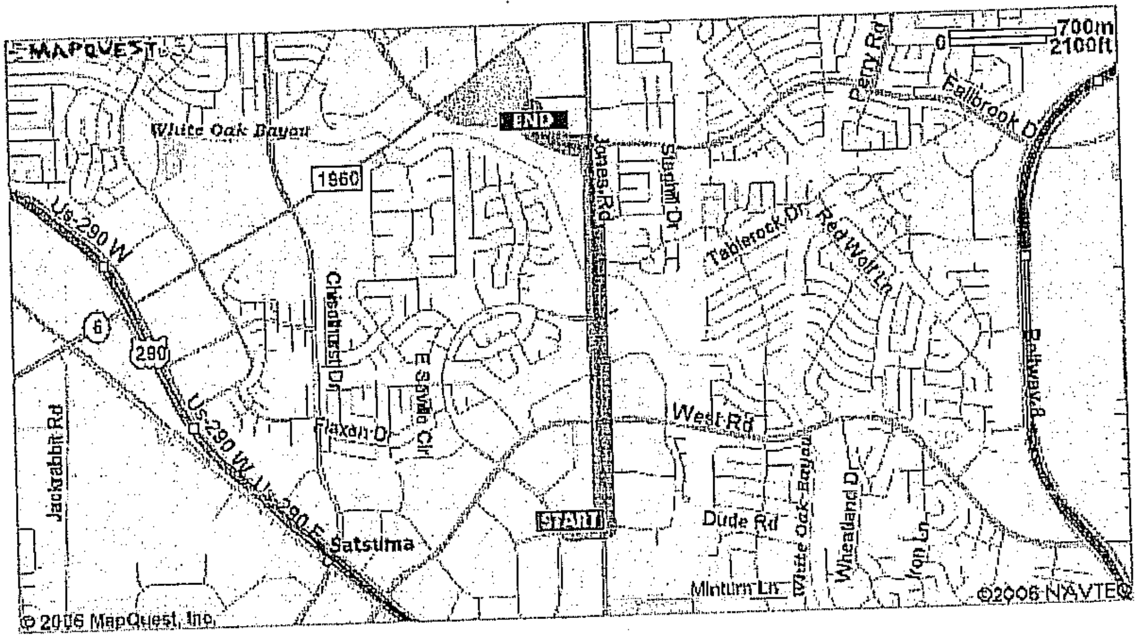
MAPQUEST.

[11200-11298] Steeplepark Dr
Houston TX
77065 US

Notes:

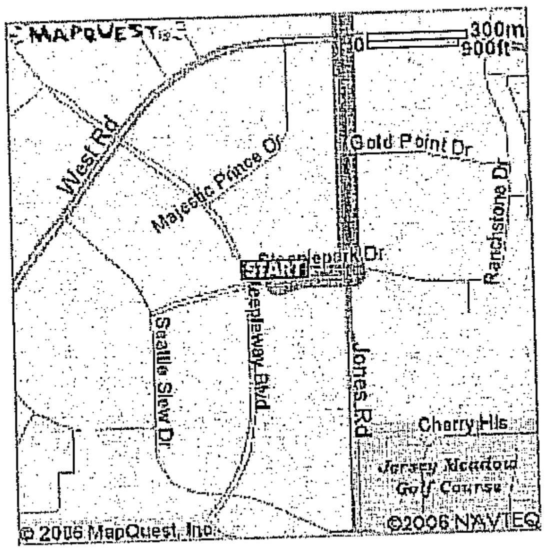
* Site of the proposed Meadowlands Apartments.

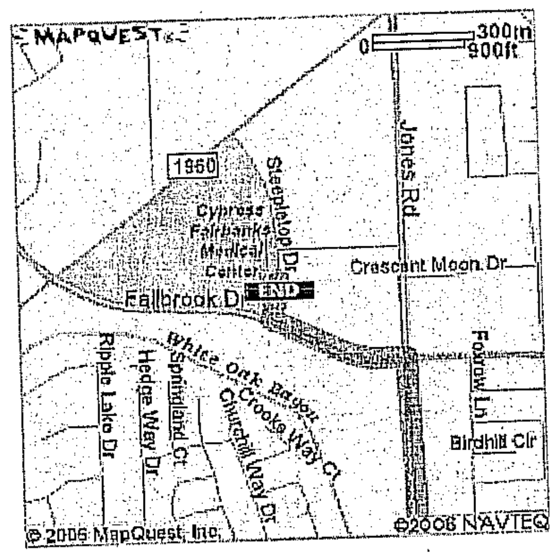




Start:
[11200-11298] Steeplepark Dr
Houston, TX 77065, US

End:
Cypress Fairbanks Medical Ctr:
281-890-4285
10655 Steepletop Dr, Houston, TX
77065, US





Cy-Fair ISD Enrollment

Here are some stats from the past 7 years:

1999-2000 Cy-Fair enrollment exceeds 60,000 students

It is projected that more than 95,000 students will be enrolled by 2009

29,000 students have been added in the past 10 years

4,000 per year for the last 3 years

In 2004-2005 more than 4,600 students enrolled

In 2005-2006 more than 7,000 enrolled which is equivalent to 8 elementary schools or 2 ½ high schools

In 1989 there were only 30 portable buildings now there are around 200
Since 1990, 27 new schools have been built, 19 of these being elementary

Since 2001 we have had a 103.13% increase in economically disadvantaged students and a 75.49% increase in students with Limited English Proficiency (LEP)

From 2003-2005 ED students increased by 3,508 and LEP by 1,148

The growth has meant changes and challenges and has been a major stress factor on the school district

Now that you see a little bit about the district's numbers here are the findings if the Meadowland Apartment complex is built:

Since the complex is not built yet the address is not in the SD's system but I was told it will most likely be Post but Bang is also in that zoning area.

Capacity for 2006-2007:

High school – 3,000
Middle school – 1,350
Elementary school – 920

Enrollment projections for 2006-2007

Cy-Ridge – 3,442 with 32.3% being ED

Campbell – 1,473 with 61 rooms and 28.7% being ED

Post – 970 with 50 rooms and 49.1% being ED

Bang - 978 with 56 rooms and 16.5% being ED

Of the eight elementary schools that are not expected to be above capacity, 5 would be 20 students or less from reaching capacity. I asked the secretary of Janet Hoover what happens if the schools are over capacity. She said they have to purchase portable buildings in order to accommodate all of the kids. Now we can see one reason why building this complex in this spot would not be feasible. All of the zoned schools are over capacity and this is just an estimate. If history repeats it self then these schools will have more than the projected enrollment.

<u>REPORT</u> on area apartments and suitability of Meadowlands Apartments Project:

The Pointe at Steeplechase Apartment Complex located directly across Steepleway Blvd. of the proposed location of the Meadowlands Apartment Project filed for **BANKRUPTCY** on March 22nd, 2006.

Case No. 06-40355 (Jointly Administered Chapter 11) was filed in the U.S. Bankruptcy Court for the Eastern District of Texas, Sherman Division.

The Pointe at Steeplechase complex is divided into two parts with addresses of 8901 Jones Road and 8907 Jones Road and is boarded on the other side by Steepleway Blvd. This complex is fighting to maintain its financial solvency as well as tenants.

This is indicative of the availability of affordable rental rates of the many various apartments ALREADY established in the area of the Meadowlands Apartment Project.

Total # 1142

RECEIVED AUG 1 6 REC'D Multifamily Finance Division

Petition Against Meadowlands Apartments

We, the undersigned, oppose the application by H.T. Seattle Slew, LTD for Housing Tax Credits with the Texas Department of Housing and Community Affairs to build the Meadowlands Apartments on Steepleway Boulevard and Steeplepark Drive.

Our community is located in an unincorporated area of Harris County with no municipal police, fire or public transportation. Since the construction of other tax credit low-income apartments nearby, our community has experienced increased crime and vandalism. We strongly oppose construction of more rent controlled housing that will adversely affect neighborhood security, lower our property values and add to the overcrowding of our schools.

Name: [signature] **Address:** 12014 HEDGEGATE DR.

NINNA A. BARNETT

TU CARASCO 9610 MEADOWCHASE

ROBERT CHAN 9714 OVERMEAD DR.

Stephen J. Capofei 11458 W. TRAVELERS WAY CIR.

[signature] 9910 Hambleton Way Cir.

Dave Asher 12207 Oldenburg LN.

[signature] 9511 Barretts Glen Ct.

[signature] 9511 Barretts Glen Ct.

Paul Armstrong 9807 Churchill Way D 77065

José R. Ramos 11310 CREIGHTON CT.

[signature] " " "

Becky Peno 9902 Hambleton Way Circle

Robbie Peno " "

Soraya + Mark Dettmers 9011 Stoney Lake Dr.

Tim + Rosa Flynn 9114 Stoney Lake Dr.

Linda Bell 11222 Travelers Way Lane

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

MULTIFAMILY FINANCE PRODUCTION DIVISION

2006 Private Activity Multifamily Housing Revenue Bonds

Stonehaven Apartment Homes
15301 block of Northwest Freeway
Houston, Texas

15301 Stonehaven Apartments, L.P.
192 Units
Priority 3
$12,000,000 Tax Exempt – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Stonehaven Apartment Homes development.

Requested Action

Approve, Amend, Deny the staff recommendation for the Stonehaven Apartment Homes.

Summary of the Stonehaven Apartment Homes Transaction

The pre-application for the 2006 Waiting List was received on April 6, 2006. The application was scored and ranked by staff. The application was induced at the May 4, 2006 Board meeting and submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on June 2, 2006. This application was submitted under the Priority 2 category which means that 100% of the units will be restricted to families earning less than 60% of AMFI. A public hearing was held on May 25, 2006. There was no one present at the hearing. A copy of the transcript is included in this presentation.

The proposed site is located at approximately 15301 Northwest Freeway, Houston, Harris County. Demographics for the census tract (5217.00) include AMFI of $31,978; the total population is 5,863; the percent of the population that is minority is 73.31%; the percent of population that is below the poverty line is 17.80%; the number of owner occupied units is 233; the number renter occupied units is 2,424 and the number of vacant units is 225. (Census Information from FFIEC Geocoding for 2006)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in an amount not to exceed $11,300,000. The bonds will be unrated and privately placed with Washington Mutual Bank. The term of the bonds will be for 20 years followed by a 40 year amortization. The construction and lease up period will be for 30 months with the option of two (2) extensions for a period of six (6) months each. The interest rate on the bonds will be 5.80% per annum.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Stonehaven Apartment Homes development because of the quality of construction of the development as demonstrated by the plans and specifications, the feasibility of the development (as demonstrated by the financial commitments from Washington Mutual Bank and PNC Multifamily Capital and the underwriting report from 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 DIVISON
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT: Stonehaven Apartment Homes, Houston, Harris County

PROGRAM: Texas Department of Housing & Community Affairs
2006 Private Activity Multifamily Revenue Bonds
(Reservation received June 2, 2006)

ACTION REQUESTED: Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to 15301 Stonehaven Apartments, L.P. a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 192-unit multifamily residential rental development located at approximately 15301 Northwest Freeway, Houston, Harris County (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

BOND AMOUNT: $ 11,300,000 (*) Series 2006 Tax Exempt Bonds
$ 11,300,000 Total Bonds

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

ANTICIPATED CLOSING DATE: The Department received a volume cap allocation for the Bonds on June 2, 2006 pursuant to the Texas Bond Review Board's 2006 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before October 30, 2006, the anticipated closing date is September 15, 2006.

BORROWER: 15301 Stonehaven Apartments, L.P., a Texas limited partnership, the general partner of which is 15301 Stonehaven Apartments I, LLC

** Preliminary - Represents Maximum Amount*

with Kenneth G. Cash owning 99% interest. PNC Multifamily Capital, is an Investor Limited Partner of Borrower, and it or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on July 28, 2006 reveals that the principals of the general partner above have a total of two (2) properties that will be monitored by the Department.

ISSUANCE TEAM/ ADVISORS:

Washington Mutual Bank or an affiliate thereof ("Bond Purchaser")
PNC Multifamily Capital ("Equity Provider")
Wells Fargo Bank, National Association ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Capital Markets ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. ("Disclosure Counsel")

BOND PURCHASER: The Bonds will be purchased by Washington Mutual Bank or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

Site: The proposed affordable housing community is a 192-unit residential rental development to be constructed on an approximately 9.05 acres to be located at approximately 15301 Northwest Freeway, Houston, Harris County.

Buildings: The Development will consist of eight (8) three-story residential, wood-framed apartment buildings consisting of 10% masonry veneer and 90% cement fiber exteriors with a total of approximately 179,248 net rentable square feet and an average unit size of 930 square feet. The development will include a clubhouse with business/computer center, children's activity center, games room/TV lounge, exercise room, laundry facilities, swimming pool, playground, full perimeter fencing with gated access, and barbeque and picnic area. The unit amenities include microwave ovens, washer/dryer connections, storage room, and ceiling fans.

Units	Unit Type	Sq Ft	Proposed Net	Rent
36	1-Bed/1-Baths	680	$626.00	60%
8	1-Bed/1-Baths	684	$626.00	60%
12	1-Bed/1-Baths	704	$626.00	60%
72	2-Bed/2-Baths	950	$751.00	60%
64	3-Bed/2-Baths	1,132	$862.00	60%
192	Total Units			

SET-ASIDE UNITS: For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

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)
$56,500 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:
$11,300 Bond Administration (0.10% of first year bond amount)
$7,680 Compliance ($40/unit/year adjusted annually for CPI).

ASSET OVERSIGHT FEE: $4,800 to TDHCA or assigns ($25/unit/year adjusted annually for CPI)
(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)

TAX CREDITS: The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $686,616 and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $6,841,677 of equity for the transaction.

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

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

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

BOND INTEREST RATES: The interest rate on the bonds will be 5.80% per annum The Department's Real Estate Analysis division underwrote the transaction using a 6.09% rate.

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

FORM OF BONDS: The Bonds will be issued in physical form and in denominations of $100,000 and any integral multiple of $5,000 in excess thereof.

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

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

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

Extraordinary Redemption:

The Bonds are subject to mandatory redemption, (i) in whole or in part at a redemption price equal to the principal amount thereof plus accrued interest and plus any premium remitted therewith as a mandatory prepayment required by the Note; (ii) at the option of the Bondholder Representative, in whole upon a Determination of Taxability and Borrower's failure to elect to pay at the Taxable Rate in accordance with the Indenture at a redemption price equal to the principal amount thereof, plus accrued interest thereon and any premium remitted therewith as required by the Note.

Optional Redemption:

The Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, and only at the direction of the Borrower, upon Borrower's optional prepayment of the Loan at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date and plus any premium remitted therewith as required by the Note.

Mandatory Redemption:

The Bonds are subject to (i) mandatory sinking fund redemption at a redemption price equal to the principal amount of the Bonds redeemed plus accrued but unpaid interest to the redemption date; (ii) mandatory redemption on permanent term commencement date at a redemption price equal to the principal amount of the bonds redeemed plus accrued but unpaid interest to the redemption date; (iii) mandatory redemption upon election of bondowner representative to accelerate loan upon failure to convert to permanent loan at a redemption price equal to the principal amount of the Bonds then Outstanding plus accrued but unpaid interest to the redemption date; (iv) mandatory redemption upon loan agreement or other loan document default at a redemption price equal to the principal amount of the Bonds then Outstanding, plus accrued interest thereon to the date of the redemption.

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.

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

The Trust Indenture will initially create up to five (5) funds with the following general purposes:

1. Bond Fund – Consists of an Interest Account Principal Account and Redemption Account. Funds on deposit in the Bond Fund shall be used to pay interest and principal and any redemption costs for the Bonds.

2. Project Fund – Fund into which all Qualified Project Costs are paid.

3. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and distributed at least monthly by the Trustee as follows – first to the Bond Fund for deposit first into the Interest Account and then into the Principal Account, second to the Bondowner Representative, as servicer of the Loan, third to the Rebate Fund, and fourth to the Trustee.

4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.

5. 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.

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

DEPARTMENT ADVISORS:

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – Wells Fargo Bank, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 2006.

3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Disclosure Counsel –McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in September 2005.

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. 06-031

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (STONEHAVEN APARTMENT HOMES) SERIES 2006; 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 (Stonehaven Apartment Homes) Series 2006 (the "Bonds"), pursuant to and in accordance with the terms of a Indenture of Trust (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 cost of acquisition, construction and equipping of the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to 15301 Stonehaven 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 May 4, 2006, 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 Washington Mutual Bank, a federal association (the "Bank") will execute and deliver a Loan Agreement (the "Loan

Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance a portion of the cost of the 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 principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Bank or an affiliate thereof will purchase the Bonds from the Issuer; and

WHEREAS, it is anticipated that the Note will be secured by a Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Mortgage") by the Borrower for the benefit of the Department; and

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

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Development which will be filed of record in the real property records of Harris County, Texas; 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 Loan Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage 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 Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF THE DEPARTMENT:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

<u>Section 1.1--Issuance, Execution and Delivery of the Bonds</u>. 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 for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at the rate of 5.80% per annum (subject to adjustment as provided in the Indenture); provided that, in no event shall the interest rate (including any default rate) on the Bonds exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $11,300,000; (iii) the final maturity of the Bonds shall occur not later than October 1, 2026; and (d) the price at which the Bonds are sold to the Bank shall be the principal amount thereof.

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

Section 1.4--Approval, Execution and Delivery of the Loan Agreement. That the form and substance of the Loan Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Loan Agreement and deliver the Loan Agreement to the Borrower and the Bank.

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--Acceptance of the Note and Mortgage. That the form and substance of the Note and Mortgage 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 Note to the order of the Trustee, as its interests may appear, without recourse.

Section 1.7--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.8--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Mortgage
Exhibit F	-	Note
Exhibit G	-	Assignments
Exhibit H	-	Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.13--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. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the 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--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 an exhibit to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Loan Agreement.

Section 2.6--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--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the 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 Loan 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 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 Loan 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 Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the 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 30th day of August, 2006.

[SEAL]

By: /s/ Elizabeth Anderson______________________
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby________________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: 15301 Stonehaven Apartments, LP, a Texas limited partnership

Development: The Development is a 192-unit multifamily facility to be known as Stonehaven Apartment Homes and to be located at approximately the 15301 block of Northwest Freeway, Harris County, Texas. It will consist of 56 one-story, 72 two-story and 64 three-story residential apartment buildings with approximately 178,928 net rentable square feet and an average unit size of approximately 932 square feet. The unit mix will consist of:

56 one-bedroom/one-bath units

72 two-bedroom/two-bath units

64 three-bedroom/two-bath units

192 Total Units

Unit sizes will range from approximately 680 square feet to approximately 1132 square feet.

Common areas are expected to include a swimming pool, a gazebo, picnic areas with BBQ grills, a play area with playground equipment, and a community center with a central kitchen, an exercise room, computer facilities, learning center and laundry facilities. The Development will also have a perimeter fence with limited access gates and rental carports, garages and storage units.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Stonehaven Apartment Homes, TDHCA Number 060613

BASIC DEVELOPMENT INFORMATION

Site Address:	15301 Northwest Freeway			Development #:	060613
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77040	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	NC
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:	15301 Stonehaven Apartments, L.P.	
Owner Contact and Phone	Kenneth G. Cash	(713) 722-9888
Developer:	StoneArch Development, Inc.	
Housing General Contractor:	TBD	
Architect:	The Thompson Nelson Group, Inc.	
Market Analyst:	O'Connor & Associates	
Syndicator:	PNC Multifamily Capital	
Supportive Services:	Texas Inter-Faith Housing Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	192	0	56	72	64	0	0

Type of Building:
- ☑ 5 units or more per building
- ☐ Duplex
- ☐ Detached Residence
- ☐ Triplex
- ☐ Single Room Occupancy
- ☐ Fourplex
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	192
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	192
Total Development Cost:	$18,195,895
Number of Residential Buildings:	8
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$710,000	$686,616	0	0	0.00%
TDHCA Bond Allocation Amount:	$11,300,000	$11,300,000	40	40	6.09%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Stonehaven Apartment Homes, TDHCA Number 060613

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

US Representative: Culberson, District 7, NC

TX Representative: Elkins, District 135 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC

Resolution of Support from Local Government ☐

David Turkel, Director, Harris County Community & Economic Development Department -☐Consistent with the HUD approved 2003-2007 Consolidated Plan for Harris County which establishes the need for affordable, rental housing in the county.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 0
Number that spoke: 0
Number in support: 0
Number in opposition: 0
Number Neutral: 0

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

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

August 30, 2006

Development Information, Public Input and Board Summary

Stonehaven Apartment Homes, TDHCA Number 060613

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

4% Housing Tax Credits: Credit Amount: $686,616

Recommendation: **Recommend approval of a Housing Tax Credit allocation not to exceed $686,616 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $11,300,000

Recommendation: **Recommend Approval of issuance of $11,300,000 in Tax Exempt Mortgage Revenue Bonds with a fixed interest rate underwritten at 6.09% and repayment term of 40 years with a 40 year amortization period, subject to conditions.**

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

Stonehaven Apartment Homes

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 11,300,000
Tax Credit Proceeds	6,841,677
Deferred Developer's Fee	182,329
Lender Deposit Reimbursement	-
Total Sources	$ 18,324,006

Uses of Funds	
Acquisition and Site Work Costs	$ 2,786,971
Direct Hard Construction Costs	8,772,911
Other Construction Costs (General Require, Overhead, Profit)	1,516,915
Indirect Construction Costs	623,668
Developer Fees and Overhead	1,985,857
Direct Bond Related	232,280
Bond Purchase Costs	289,500
Other Transaction Costs	1,728,128
Real Estate Closing Costs	387,776
Total Uses	$ 18,324,006

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 56,500
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	22,600
TDHCA Bond Compliance Fee ($40 per unit)	7,680
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Trustee Fee	9,000
Trustee's Counsel (Note 1)	5,500
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,000
Total Direct Bond Related	$ 232,280

Stonehaven Apartment Homes

Bond Purchase Costs	
Construction Lender	84,750
Construction Lender's Counsel	17,000
Placement Agent	-
Placement Agent Counsel	17,000
Bond Purchaser	84,750
Borrower Counsel	86,000
Total Bond Purchase Costs	$ 289,500

Other Transaction Costs	
Tax Credit Application and Determination Fees (if paid at closing)	32,000
Soft Cost Contingency	86,736
Operating Deficit Reserve	375,000
Construction Interest	1,045,000
Conversion Fee	19,600
Public Hearing/Legal	3,612
Miscellaneous	166,180
Total Other Transaction Costs	$ 1,728,128

Real Estate Closing Costs	
Title/Recording Fees	86,084
Construction Taxes and Insurance	289,692
Construction Inspection Fees	12,000
Total Real Estate Costs	$ 387,776
Estimated Total Costs of Issuance	$ 2,637,684

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 23, 2006 **PROGRAM:** 4% HTC/ Bond **FILE NUMBER:** 060613

DEVELOPMENT NAME

Stonehaven Apartment Homes

APPLICANT

Name:	15301 Stonehaven Apartments, L.P.	**Contact:**	Kenneth G Cash		
Address:	11211 Katy Freeway, Suite 500-9				
City	Houston	**State:**	Texas	**Zip:**	77079
Phone:	(713) 722-9888	**Fax:**	(713) 722-9882	**Email:**	kcash@stonearch.org

KEY PARTICIPANTS

Name:	15301 Stonehaven Apartments I, LLC	**Title:**	1% Managing General Partner of Applicant
Name:	StoneArch Development, Inc	**Title:**	Developer
Name:	Kenneth G Cash	**Title:**	99% Owner of General Partner / 100% Owner of Developer / Guarantor
Name:	David Russel	**Title:**	1% Owner of General Partner

PROPERTY LOCATION

Location:	15301 Northwest Freeway				
City:	Houston			**Zip:**	77040
County:	Harris County	**Region:**	6	☐ QCT	☒ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$710,000	N/A	N/A	N/A
MRB (Tax-Exempt)	$11,300,000	6.09%	40 yrs	40 yrs

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $11,300,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED/VARIABLE INTEREST RATE OF/UNDERWRITTEN AT 6.09% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $686,616 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 192 **# Res Bldgs** 8 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 179,248 **Av Un SF:** 934 **Common Area SF:** 5,200 **Gross Bldg SF:** 184,448

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on concrete slabs. According to the plans provided in the application the exterior will be 10% masonry veneer and 90% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 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 fan 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, an ice maker in the refrigerator, a self-cleaning oven, a forced air unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 150 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, controlled access gates, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a gazebo with sitting area, public telephone(s) available to tenants 24 hours a day, a swimming pool, and two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 204 spaces **Carports:** 96 spaces **Garages:** 42 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Stonehaven Apartment Homes is a 21.2-unit per acre new construction development located in northwest Houston. The development will be comprised of eight evenly distributed residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
1	3	12	12	
5	3		12	12
1	3	24		
1	3	20		4

The development will include a 3,200-square foot community building with an exercise room, full kitchen, business center, learning center, and club room. In addition, the development will include a separate 2,000-square foot laundry/maintenance building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	9.0580 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	N/A	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregular-shaped tract located northwest of downtown Houston along the Northwest Freeway/ U.S. 290. The site is outside of the Houston city limits, approximately 13 miles from Houston's downtown area.

Adjacent Land Uses:

- **North:** Northwest Freeway immediately adjacent and commercial beyond;
- **South:** West Little York Park & Ride immediately adjacent and Hempstead Road beyond;
- **East:** vacant land immediately adjacent and commercial property beyond; and
- **West:** several small office/warehouse buildings immediately adjacent.

Site Access: Primary access to the site will be from east bound along the Highway 290 feeder road. The siteplan indicates one alternate access drive from West Little York Road and one other from the Highway 290 feeder road. The property is located adjacent to Highway 290 which provides access to other parts of the city, region, and state.

Public Transportation: Park and Ride services are provided by Houston's Metropolitan Transit Authority (METRO). The site is adjacent to the West Little York Park & Ride facility.

Shopping & Services: A major supermarket, other retail facilities and restaurants, medical facilities and banks are all located within two miles of the site.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/25/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 2006 was prepared by DCH Environmental Consultants LP and contained the following findings and recommendations:

Findings:

- **Noise:** "Based on our review of the proposed site plans, the subject site will be built back about 100' from the nearest lane of US 290. Detention and parking will be built between the property edge and US 290 to assist in muting noise from US 290. The design of the buildings will include R13 - R15 insulation in the walls and R30 insulation in the ceilings to assist in noise control. Based on our review of other apartment projects in the near area, the Stonehaven Apartments will be built back as far as or further than the other apartment developments. No further action is recommended at this time."
- **Floodplain:** "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel No. FM48201C0635K, the subject property does not lie within a 100 or a 500-year flood zone. A copy of the flood zone map is presented in the Photographs and Illustrations section of this report."
- **Asbestos-Containing Materials (ACM):** "There are no structures or material on the site that would have suspect ACM."
- **Lead-Based Paint (LBP):** "There are no structures or material on the site that would have suspect Lead Based Paint."
- **Lead in Drinking Water:** "DCH Contacted Ms. Arissa Bertrand with the Environmental Compliance Department of Severn Trent Services. Severn Trent handles all water quality issues for West Harris County MUD #1 (which services the area of the proposed development). Ms. Bertrand stated that they are in compliance with all EPA drinking water quality issues which includes lead."
- **Radon:** "The Houston area does not have the source material needed for radon to be produced. Contact with TCEQ, and review of EPA files indicate that radon is not considered a major problem in the Houston area."
- **Recognized Environmental Concerns (RECs):** "Based upon DCH's site investigation of the subject property, surrounding properties, regulatory agency records review and inquiries, interviews, and historical research, no other direct evidence was found indicating recognized environmental conditions

exist at the subject property."

Recommendations: "No further action is recommended at this time."

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One-hundred percent of the 192 units will be reserved for low-income tenant households earning 60% or less of AMI. Of note, any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321).

MAXIMUM ELIGIBLE INCOMES (Harris County)						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated April 25, 2006 was prepared by O'Connor and Associates and included the following findings:

Secondary Market Information: The Market Analyst does not indicate a secondary market area.

Definition of Primary Market Area (PMA): "The primary market is defined as the aggregated area of the following ZIP Codes: 77040 (where the subject is located), 77041, 77064, 77065, 77080, 77086, and 77092. The major boundaries of the area include Bingle Rd. to North Houston Rosslyn Rd. to the Burlington Northern railroad to the east, Clay Rd. to West 34th St. to the south, North Eldridge Pkwy. to West Rd. to Jones Rd. to the west, and Old Fairbanks North Houston Rd. to Fallbrook Rd. to the north." (p. 13). This area encompasses approximately 40.54 square miles and is equivalent to a circle with a radius of 3.59 miles.

Population: The estimated 2006 general population was 96,614 and is expected to increase by 11.03% to approximately 107,275 by 2011. Within the primary market area there were estimated to be 34,201 households in 2006.

Total Market Demand: The Market Analyst utilized a household size-appropriate adjustment rate of 93.89% (p. 75). The Analyst's income band of $23,520 to $39,540 and income specific tenure rates result in an income eligible tenure appropriate adjustment rate of 7.63% (p. 73). The Market Analyst indicates a turnover rate of 64.4% applies based on IREM data (p. 75).

In addition, the Market Analyst included demand from Section 8 voucher holders. "Section 8 vouchers will also be accepted at the subject property. The demand created by Section 8 voucher holders will be additional demand for rent-restricted units. The number of Section 8 vouchers available was determined by contacting the local housing authority with jurisdiction over the subject's location, which in this case was the City of Houston Housing Authority. The housing authority reported a total of 14,895 Section 8 vouchers issued. Total theoretical demand generated by Section 8 vouchers in the PMA is calculated by multiplying the total number of vouchers for the entire city by the ratio of income-qualified households in the PMA to number of income-qualified households in the proposed subject's city" (p. 74). The Underwriter has also included this source of demand but recalculated the total and concluded a lower demand from this source.

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	51	3%	53	3%
Resident Turnover	1,578	89%	1,626	92%
Other Sources: Section 8	151	8%	58	5%
TOTAL DEMAND	**1,780**	**100%**	**1,738**	**100%**

p. 75

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 10.79% based upon 1,780 units of demand and 192 unstabilized affordable housing in the PMA (including the subject) (p. 76). The Underwriter calculated an inclusive capture rate of 24.63% based upon a supply of 428 unstabilized comparable affordable units divided by a revised demand estimate for 1,738 affordable units. The Market Analyst did not include 236 units from #060610 Meadowlands which is currently proposed in the subject's primary market area; the Underwriter did include these units as they have a priority bond reservation and are likely to close.

Unit Mix Conclusion: "The average household size in the primary market area is 2.82 persons, with nearly 94% of the area households having five persons or less. Based on discussions with leasing agents and our own analysis of the rental rates at the selected comparables in the primary market area, the proposed unit mix is appropriate and will complement the local affordable housing market." (p. 14).

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,528 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$626	$625	$1	$705	-$79
2-Bedroom (60%)	$751	$751	$0	$900	-$149
3-Bedroom (60%)	$862	$862	$0	$1,060	-$198

(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 selected comparable apartments surveyed in the primary market area exhibited strong occupancy rates, with a median occupancy level of 93% and a median rental rate of ±$1.01 per square foot per month. According to our research (including contacting the Houston HUD Office), there are 6 projects in the subject's primary market area in which the rents are based on income or otherwise restricted. Park at Woodwind Lakes, a family project built in 2003, is the closest HTC project to the subject. This property contains 144 units and is currently 97% occupied." (p. 13). The Department's current maximum inclusive capture rate for urban/exurban developments targeting families is 25%.

Absorption Projections: "Based on our research, most new projects in the primary market area typically lease up within 12 months. The subject property is expected to lease to stabilized occupancy within 10 to 12 months." (p. 15).

Unstabilized, Under Construction, and Planned Development: "Based on our research, there is one approved rent-restricted property, Rolling Creek Apartments, in the primary market area. However, per a conversation with Teresa Morales of the TDHCA on May 8, 2006, this property's application has expired and is not active, and therefore, it should not be included in capture rate calculations. There is one unstabilized rent-restricted property, The Manor at Jersey Village, in the primary market area; however, this property is considered non-comparable since it is restricted to seniors. We are not aware of any other proposed, under-construction, or unstabilized new comparable projects in the primary market area" (p. 50). The Underwriter has identified two additional proposed developments within the PMA. Meadowlands (#060610) is a proposed 4% tax credit/bond development with 236 units targeting families, and a revived Rolling Creek Apartments (4% tax credit/bond development with 248 units targeting families). Meadowlands currently has priority over the subject development. However, the subject development has priority over Rolling Creek Apartments should be included while Rolling Creek Apartments should not be included. It should be noted that the Market Analyst's inclusive capture rate would not exceed 25% if Meadowlands had been included in the capture rate. Also of note, both the Underwriter's and Market Analyst's inclusive capture rates would exceed 25% if the 248 proposed units from Rolling Creek Apartments were included in the capture rate calculation.

Market Impact: "Based on the high occupancy levels of the existing properties in the market, we project that it will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p.15).

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Brookhollow/Spring Branch submarket (#13) within the Houston MSA. According to the Department market study; there are -60 units of demand for one bedroom units at the 60% income level; -77 units of demand for two bedroom units at the 60% income level; and -40 units of demand for three bedroom units at the 60% income level (p. III-593).

The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attract away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied.).

The Underwriter requested additional information from the Market Analyst to explore these and other differences. In a follow-up analysis dated August 10, 2006 the Market Analyst indicated the following concerns with the study commissioned by the Department:

- "Vogt, Williams, and Bowen's methodology does not conform to 2006 QAP guidelines, and thus, does not accurately reflect demand in the market. Most notably, the Brookhollow/Spring Branch submarket in the study contains 221,040 residents, well in excess of the population limit of 100,000.
- Vogt, Williams, and Bowen's defined primary market area encompasses only a small portion of the Beltway 8/Northwest Freeway area in which the subject is located, and also includes the Spring Branch area and a portion of inner city Houston located south and east of Interstate 610. These two areas, Spring Branch and inside Interstate 610, are distinctly different in terms of demographics, competition, and development trends, from the area in which the proposed subject is located.
- Utilizing the Vogt Williams methodology contradicts the...goals/missions of the TDHCA and perpetuates and exacerbates the problem of substandard housing within the market.
- The vast majority of the existing units in the primary market area are in older complexes, with over 82% of the complexes being built in the 1970s or earlier. Vogt Williams' methodology assumes 2.5% of the existing product as 'functionally obsolete,' defined by Vogt Williams as being 35 years or older. Based on this methodology, the units constructed in 1971 or before would be considered 'functionally obsolete,' meaning the primary market area currently has 12,030 such units. Applying Vogt Williams' standard 2.5% annual replacement would result in only 3,008 units (12,030 x 2.5% x 10) replaced over the next 10 years. At the end of the 10-year period, those units constructed between 1972 and 1981 would become 'functionally obsolete.' Therefore, there would be 28,888 'functionally obsolete' units (12,030 pre-1971 units + 19,866 pre-1981 units – 3,008 units replaced over 10 years) in the market in 10 years versus 12,030 today, amounting to an increase of over 140%.
- [The analysis provided with this response] utilizes the methodology outlined in the QAP and the primary market area outlined by Vogt, Williams, and Bowen to illustrate that the capture rate is within TDHCA guidelines." The Market Analyst calculated an inclusive capture rate of 4.83% based on the methodology defined in the QAP and underwriting guidelines and the Vogt, Williams, and Bowen market area and demographics.

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2005, maintained by the Harris County Housing Authority (HCHA), from the 2006 program gross rent limits. The Underwriter used current utility allowances from the HCHA dated April 1, 2006, which results in a slight difference in the utility allowances for one bedroom units. Tenants will be required to pay electric costs. The Applicant's vacancy and collection loss is within the Department's guideline. The Applicant included secondary income from 96 carports and 42 garages that will be available for lease by the tenants. However, the Applicant did not provide evidence that income from this source is attainable; therefore, the Underwriter chose not to include this source of income. Despite this difference, the Applicant's estimated effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,955 per unit is within 5% of the Underwriter's estimate of $3,939, derived from the TDHCA database and third-party data sources. However, a number of the Applicant's estimates of specific line items differ significantly from the Underwriter's, including: general and administrative ($29K or 40% lower); utilities ($18K or 42% lower); property insurance ($23K or 40% higher); and property tax ($17K or 13% higher). Additionally, the Applicant has understated TDHCA compliance fees.

Conclusion: The Applicant's estimates of income, expenses, and net operating income are each within 5% of the Underwriter's estimates; therefore the Applicant's proforma will be used to determine the development's debt service ratio (DCR) and debt capacity. The proforma and estimated debt service result in a DCR within the current underwriting guideline of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 9.05 acres	$437,906	**Assessment for the Year of:**	2006
Building:	N/A	**Valuation by:**	Harris County Appraisal District
Total Assessed Value:	$437,906	**Tax Rate:**	3.20697

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Contract of Purchase and Sale (9.0580 acres)		
Contract Expiration:	8/11/2006 and two 60 day extensions	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,676,908	**Other:**	
Seller:	Northwest Freeway/Sam Houston Tollway 9.1.,JV	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $185,130 per acre or $8,734 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The contract for the sale of the property is between StoneArch Development, Inc (Purchaser) and Northwest Freeway/Sam Houston Tollway 9.1.,JV (Seller). The Applicant also provided an Assignment of Earnest Money Contract assigning the property to the partnership.

Sitework Cost: The Applicant's claimed sitework costs of $6,648 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 $599K or 7% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $250,220 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contingencies and fees for the contractor and developer were set above the maximums allowed by TDHCA guidelines, and with the reduction in eligible basis due to the misapplication of eligible basis discussed above the eligible basis portion of these fees now exceed the maximum by $532,651 and have been reduced by the same amount in order to recalculate the appropriate requested credit amount.

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 $14,712,158 supports annual tax credits of $686,616. 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:	Washington Mutual Bank			**Contact:**	Marvalette Hunter
Tax-Exempt:	$11,300,000	**Interest Rate:**	6.06%, fixed, lender's estimate	**Amort:**	480 months

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Interest rate equal to FHLB CIP rate +120% adjusted to tax-exempt rate.

TAX CREDIT SYNDICATION

Source: PNC MultiFamily Capital **Contact:** Nicole Flores

Proceeds: $6,841,677 **Net Syndication Rate:** 96% **Anticipated HTC:** $710,000/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $100 **Source:** Cash Equity

OTHER

Amount: $54,118 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The mortgage revenue bonds will be issued by the Texas Department of Housing and Community Affairs. The interim to 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 from PNC MultiFamily Capital is consistent with the terms reflected in the sources and uses of funds listed in the application.

Cash Equity: The Applicant included cash equity amounting to $100 as a source of funds.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $54,118 amount to 3% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $11,300,000 indicates the need for $6,895,795 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $715,616 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($710,000), the gap-driven amount ($715,616), and eligible basis-derived estimate ($686,616), the eligible basis-derived estimate of $686,616 is recommended resulting in proceeds of $6,616,349 based on a syndication rate of 96%. The Underwriter's recommended financing structure indicates the need for $279,446 in additional permanent funds. Deferred developer fees in this amount appear to be repayable within three years of stabilized operation.

The syndication rate proposed in the commitment is on the mid to high end of current credit prices. However, if the final syndication rate were to increase by four cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant, General Partner, and Developer are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The 99% owner of the General Partner and 100% owner of the Developer, Kenneth G Cash, submitted an unaudited financial statement as of April 26, 2006 and is anticipated to be guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.

Underwriter:	*Cameron Dorsey*	**Date:**	August 23, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Stonehaven Apartment Homes, Houston, HTC 4%, #060613

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	36	1	1	680	$686	$625	$22,500	$0.92	$61.00	$19.00
TC 60%	8	1	1	684	686	625	5,000	0.91	61.00	19.00
TC 60%	12	1	1	704	686	625	7,500	0.89	61.00	19.00
TC 60%	72	2	2	950	823	751	54,072	0.79	72.00	24.00
TC 60%	64	3	2	1,132	951	862	55,168	0.76	89.00	36.00
TOTAL:	192		AVERAGE:	934	$826	$751	$144,240	$0.80	$74.46	$26.54

INCOME	Total Net Rentable Sq Ft: 179,248	TDHCA	APPLICANT		Comptroller's Region 6
POTENTIAL GROSS RENT		$1,730,880	$1,731,552		IREM Region Houston
Secondary Income	Per Unit Per Month: $15.00	34,560	46,080	$20.00	Per Unit Per Month
Other Support Income: (Carports/Garages)		0	31,680	$13.75	Per Unit Per Month
POTENTIAL GROSS INCOME		$1,765,440	$1,809,312		
Vacancy & Collection Loss	% of Potential Gross Income: -7.50%	(132,408)	(135,696)	-7.50%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions		0	0		
EFFECTIVE GROSS INCOME		$1,633,032	$1,673,616		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.39%	$373	0.40	$71,619	$42,800	$0.24	$223	2.56%
Management	3.60%	306	0.33	58,810	66,945	0.37	349	4.00%
Payroll & Payroll Tax	11.49%	978	1.05	187,692	172,620	0.96	899	10.31%
Repairs & Maintenance	5.21%	443	0.47	85,117	96,224	0.54	501	5.75%
Utilities	2.63%	223	0.24	42,888	24,960	0.14	130	1.49%
Water, Sewer, & Trash	3.74%	319	0.34	61,152	71,424	0.40	372	4.27%
Property Insurance	3.57%	304	0.33	58,295	81,400	0.45	424	4.86%
Property Tax 3.20697	8.30%	706	0.76	135,462	152,440	0.85	794	9.11%
Reserve for Replacements	2.35%	200	0.21	38,400	38,400	0.21	200	2.29%
Other: compl fees	1.03%	88	0.09	16,896	12,096	0.07	63	0.72%
TOTAL EXPENSES	46.31%	$3,939	$4.22	$756,332	$759,309	$4.24	$3,955	45.37%
NET OPERATING INC	53.69%	$4,566	$4.89	$876,700	$914,307	$5.10	$4,762	54.63%
DEBT SERVICE								
First Lien Mortgage	46.04%	$3,915	$4.19	$751,769	$765,886	$4.27	$3,989	45.76%
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	7.65%	$651	$0.70	$124,931	$148,421	$0.83	$773	8.87%
AGGREGATE DEBT COVERAGE RATIO				1.17	1.19			
RECOMMENDED DEBT COVERAGE RATIO					1.22			

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)		9.08%	$8,734	$9.36	$1,676,908	$1,676,908	$9.36	$8,734	9.22%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.91%	6,648	7.12	1,276,348	1,276,348	7.12	6,648	7.01%
Direct Construction		46.44%	44,691	47.87	8,580,587	7,981,631	44.53	41,571	43.87%
Contingency	5.00%	2.67%	2,567	2.75	492,847	658,111	3.67	3,428	3.62%
General Req'ts	6.00%	3.20%	3,080	3.30	591,416	654,986	3.65	3,411	3.60%
Contractor's G & A	2.00%	1.07%	1,027	1.10	197,139	221,470	1.24	1,153	1.22%
Contractor's Profit	6.00%	3.20%	3,080	3.30	591,416	654,986	3.65	3,411	3.60%
Indirect Construction		3.95%	3,804	4.07	730,432	730,432	4.07	3,804	4.01%
Ineligible Costs		4.87%	4,683	5.02	899,178	899,178	5.02	4,683	4.94%
Developer's G & A	1.96%	1.44%	1,382	1.48	265,319	0	0.00	0	0.00%
Developer's Profit	13.00%	9.50%	9,145	9.80	1,755,772	2,021,091	11.28	10,527	11.11%
Interim Financing		5.66%	5,447	5.83	1,045,754	1,045,754	5.83	5,447	5.75%
Reserves		2.03%	1,953	2.09	375,000	375,000	2.09	1,953	2.06%
TOTAL COST		100.00%	$96,240	$103.09	$18,478,116	$18,195,895	$101.51	$94,770	100.00%
Construction Cost Recap		*63.48%*	*$61,092*	*$65.44*	*$11,729,753*	*$11,447,532*	*$63.86*	*$59,623*	*62.91%*

SOURCES OF FUNDS

	%	Per Unit	Per Sq Ft	TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	61.15%	$58,854	$63.04	$11,300,000	$11,300,000	$11,300,000	Developer Fee Available
Cash Equity	0.00%	$1	$0.00	100	100	100	$1,918,977
HTC Syndication Proceeds	37.03%	$35,634	$38.17	6,841,677	6,841,677	6,616,349	% of Dev. Fee Deferred
Deferred Developer Fees	0.29%	$282	$0.30	54,118	54,118	279,446	15%
Additional (Excess) Funds Req'd	1.53%	$1,470	$1.57	282,221	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$18,478,116	$18,195,895	$18,195,895	$4,631,952

Stonehaven Apartment Homes, Houston, HTC 4%, #060613

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.37	$8,849,991
Adjustments				
Exterior Wall Finish	0.80%		$0.39	$70,800
9-Ft. Ceilings	3.10%		1.53	274,350
Roofing			0.00	0
Subfloor			(0.75)	(133,839)
Floor Cover			2.22	397,931
Porches/Balconies	$18.86	28,530	3.00	538,162
Fixtures	$680	408	1.55	277,440
Built-In Appliances	$1,675	192	1.79	321,600
Stairs/Fireplaces	$1,650	64	0.59	105,600
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	310,099
Garages/Carports		0	0.00	0
Comm and Laundry Bldg	$65.36	5,200	1.90	339,885
Other: Rough-ins	$340	384	0.73	130,560
SUBTOTAL			64.06	11,482,579
Current Cost Multiplier	1.03		1.92	344,477
Local Multiplier	0.89		(7.05)	(1,263,084)
TOTAL DIRECT CONSTRUCTION COSTS			$58.93	$10,563,973
Plans, specs, survy, bld prm	3.90%		($2.30)	($411,995)
Interim Construction Interest	3.38%		(1.99)	(356,534)
Contractor's OH & Profit	11.50%		(6.78)	(1,214,857)
NET DIRECT CONSTRUCTION COSTS			$47.87	$8,580,587

PAYMENT COMPUTATION

Primary	$11,300,000	Amort	480
Int Rate	6.06%	DCR	1.17

Secondary		Amort	
Int Rate		Subtotal DCR	1.17

Additional		Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$751,769
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$162,538

Primary	$11,300,000	Amort	480
Int Rate	6.06%	DCR	1.22

Secondary		Amort	
Int Rate		Subtotal DCR	1.22

Additional		Amort	
Int Rate		Aggregate DCR	1.22

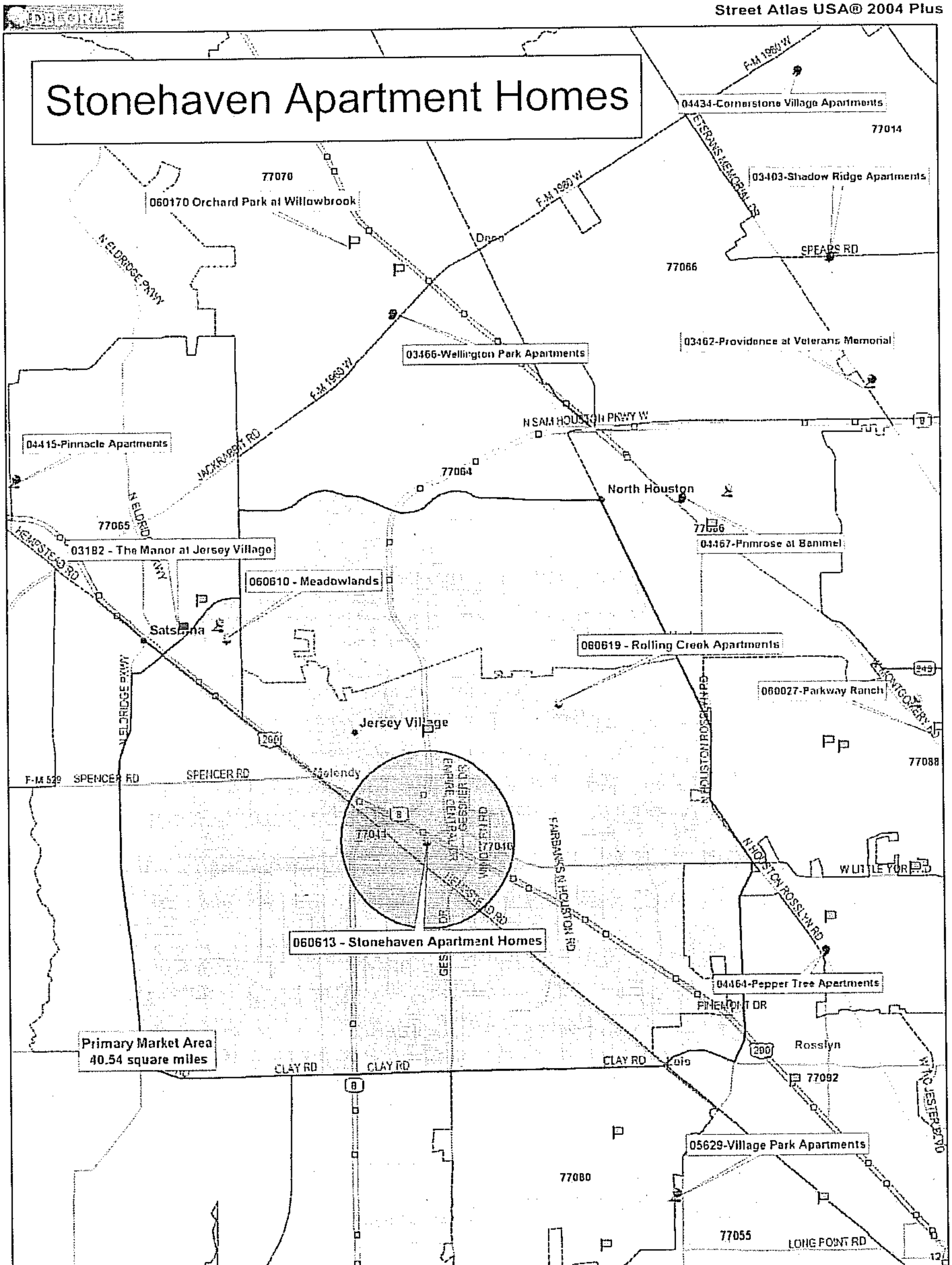
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,731,552	$1,783,499	$1,837,004	$1,892,114	$1,948,877	$2,259,283	$2,619,128	$3,036,287	$4,080,516
Secondary Income	46,080	47,462	48,886	50,353	51,863	60,124	69,700	80,802	108,591
Other Support Income: (Carport	31,680	32,630	33,609	34,618	35,656	41,335	47,919	55,551	74,656
POTENTIAL GROSS INCOME	1,809,312	1,863,591	1,919,499	1,977,084	2,036,397	2,360,742	2,736,747	3,172,640	4,263,762
Vacancy & Collection Loss	(135,696)	(139,769)	(143,962)	(148,281)	(152,730)	(177,056)	(205,256)	(237,948)	(319,782)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,673,616	$1,723,822	$1,775,537	$1,828,803	$1,883,667	$2,183,686	$2,531,491	$2,934,692	$3,943,980
EXPENSES at 4.00%									
General & Administrative	$42,800	$44,512	$46,292	$48,144	$50,070	$60,918	$74,116	$90,173	$133,478
Management	66,945	68952.7773	71021.36064	73152.00146	75346.5615	87347.31534	101259.4781	117387.4878	157758.9675
Payroll & Payroll Tax	172,620	179,525	186,706	194,174	201,941	245,692	298,922	363,684	538,342
Repairs & Maintenance	96,224	100,073	104,076	108,239	112,568	136,957	166,629	202,729	300,089
Utilities	24,960	25,958	26,997	28,077	29,200	35,526	43,223	52,587	77,842
Water, Sewer & Trash	71,424	74,281	77,252	80,342	83,556	101,659	123,683	150,480	222,747
Insurance	81,400	84,656	88,042	91,564	95,226	115,858	140,958	171,498	253,858
Property Tax	152,440	158,538	164,879	171,474	178,333	216,970	263,977	321,168	475,407
Reserve for Replacements	38,400	39,936	41,533	43,195	44,923	54,655	66,496	80,903	119,756
Other	12,096	12,580	13,083	13,606	14,151	17,216	20,946	25,484	37,723
TOTAL EXPENSES	$759,309	$789,011	$819,682	$851,967	$885,315	$1,072,797	$1,300,210	$1,576,094	$2,317,001
NET OPERATING INCOME	$914,307	$934,811	$955,654	$976,835	$998,352	$1,110,889	$1,231,281	$1,358,598	$1,626,979
DEBT SERVICE									
First Lien Financing	$751,769	$751,769	$751,769	$751,769	$751,769	$751,769	$751,769	$751,769	$751,769
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	$162,538	$183,042	$203,885	$225,066	$246,583	$359,120	$479,512	$606,829	$875,210
DEBT COVERAGE RATIO	1.22	1.24	1.27	1.30	1.33	1.48	1.64	1.81	2.16

HTC ALLOCATION ANALYSIS -Stonehaven Apartment Homes, Houston, HTC 4%, #060613

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	$1,676,908	$1,676,908		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,276,348	$1,276,348	$1,276,348	$1,276,348
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,981,631	$8,580,587	$7,981,631	$8,580,587
(4) Contractor Fees & General Requirements				
Contractor overhead	$221,470	$197,139	$185,160	$197,139
Contractor profit	$654,986	$591,416	$555,479	$591,416
General requirements	$654,986	$591,416	$555,479	$591,416
(5) Contingencies	$658,111	$492,847	$462,899	$492,847
(6) Eligible Indirect Fees	$730,432	$730,432	$730,432	$730,432
(7) Eligible Financing Fees	$1,045,754	$1,045,754	$1,045,754	$1,045,754
(8) All Ineligible Costs	$899,178	$899,178		
(9) Developer Fees			$1,918,977	
Developer overhead		$265,319		$265,319
Developer fee	$2,021,091	$1,755,772		$1,755,772
(10) Development Reserves	$375,000	$375,000		
TOTAL DEVELOPMENT COSTS	$18,195,895	$18,478,116	$14,712,158	$15,527,030

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		$14,712,158	$15,527,030
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$19,125,806	$20,185,139
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$19,125,806	$20,185,139
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$686,616	$724,646
Syndication Proceeds	0.9636	$6,616,349	$6,982,813
Total Tax Credits (Eligible Basis Method)		$686,616	$724,646
Syndication Proceeds		$6,616,349	$6,982,813
Requested Tax Credits		$710,000	
Syndication Proceeds		$6,841,677	
Gap of Syndication Proceeds Needed		$6,895,795	
Total Tax Credits (Gap Method)		$715,616	



Scale 1 : 93,750

1" = 1.48 mi

Data Zoom 11-1

Applicant Evaluation

Project ID # **060613** Name: **Stonehaven Apartment Homes** City: **Houston**

LIHTC 9% [ ] LIHTC 4% [x] HOME [ ] BOND [x] HTF [ ] SECO [ ] ESGP [ ] Other [ ]

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

National Previous Participation Certification Received: [x] 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** [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

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

not yet monitored or pending review: 2

of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Portfolio Analysis**	
Not applicable	[x]	Not applicable	[x]	Not applicable	[x]
Review pending	[ ]	Review pending	[ ]	No unresolved issues	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]	Not current on set-ups	[ ]
Unresolved issues found	[ ]	Issues found regarding late cert	[ ]	Not current on draws	[ ]
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Issues found regarding late audit	[ ]	Not current on match	[ ]
		Unresolved issues found that warrant disqualification (Comments attached)	[ ]		

Reviewed by Patricia Murphy Date 7/28/2006

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Workout)**	
Not applicable	[ ]	Not applicable	[x]	Not applicable	[ ]
Review pending	[ ]	Review pending	[ ]	Review pending	[ ]
No unresolved issues	[x]	No unresolved issues	[ ]	No unresolved issues	[x]
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	M. Tynan	Reviewer	David Burrell
Date	7 /28/2006	Date	7 /27/2006	Date	7 /31/2006

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	[x]	Not applicable	[x]	No delinquencies found	[x]
Review pending	[ ]	Review pending	[ ]	Delinquencies found	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]		
Unresolved issues found	[ ]	Unresolved issues found	[ ]		
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Unresolved issues found that warrant disqualification (Comments attached)	[ ]		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	8 /1 /2006	Date	8 /2 /2006	Date	7 /31/2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Stonehaven Apartment Homes

Public Hearing

Total Number Attended	0
Total Number Opposed	0
Total Number Supported	0
Total Number Neutral	0
Total Number that Spoke	0

Public Officials Letters Received

Opposition	0
Support	0

General Public Letters and Emails Received

Opposition	0
Support	0

Summary of Public Comment

No public comment was received

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

STONEHAVEN APARTMENT HOMES

PUBLIC HEARING

Cafeteria
Post Elementary School
7600 Equador
Houston, Texas

Thursday
May 25, 2006
6:00 p.m.

BEFORE:

SHANNON ROTH, Housing Specialist

P R O C E E D I N G S

MS. ROTH: Good evening. My name is Shannon Roth. I would like to proceed with the public hearing. Let the record show that it is 6:15 p.m. Thursday, May 25, and we are at the Post Elementary School, located at 7600 Equador, Houston, 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. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The Department's board is scheduled to meet to consider the transaction on August 30, 2006. 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 comment from the public up to 5:00 p.m. on July 18, 2006.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed 12 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 15301 Stonehaven Apartments, LP, 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: a 192-unit multifamily residential rental development to be constructed on approximately 9.05 acres of land located at approximately 15301 block of Northwest Freeway, 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 would like to now open the floor up to public comment. Let the record show that the only attendee is the developer; therefore, the meeting is now adjourned, and the time is 6:17 p.m.

(Whereupon, at 6:17 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Stonehaven Apartment Homes

LOCATION: Houston, Texas

DATE: May 25, 2006

I do hereby certify that the foregoing pages, numbers 1 through 4, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Paul Cater Deaton before the Texas Department of Housing and Community Affairs.

06/05/2006
(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Board requested action on whether to rescind the action taken at the July 12, 2006 TDHCA Board Meeting to Deny staff recommendation of approval regarding Agenda Item 7. a) Presentation, Discussion and Possible Issuance of Multi Family Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer For: 060611 Parkwest Apartments, Houston, Texas for a Bond amount not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $875,000. Resolution No. 06-023.

Requested Action

The Board requested by general consent at its July 28, 2006 meeting for the staff to schedule a vote on this agenda to determine by a majority vote of all members present, whether to rescind the vote taken on July 12, 2006 regarding Parkwest Apartments in Houston, Texas. The action in this agenda item is only to determine if the Board will agree to hear Agenda item b) of this agenda item. This action does not set aside the initial vote taken. To be valid, a motion to rescind must be made, seconded, and receive a majority vote.

Background

On July 12, 2006, the Board voted by a 3-2 majority to deny the issuance of Multi Family Revenue Bonds for Parkwest Apartments. At that meeting, on a motion made by Mr. Bogany, and seconded by Mr. Flores, the Chair voted with Mr. Bogany and Mr. Flores to create a majority in voting to deny the issuance of the bonds. Mr. Conine and Mr. Gonzales voted against. Mayor Salinas did not vote or participate in the discussion as he had left the meeting at this time.

Roberts Rules of Order state that a motion to rescind can be taken on any main motion that has been adopted, provided the action has not advanced to where it could not be undone (i.e., awarding a contract that has been partially performed under and then reversing vote; seating a person as a committee member then attempting to change the vote to confirm, etc.). Board policies provide that where appropriate, the Board will be governed by Roberts Rules of Order.

The Board is subject to Texas Government Code §551, and therefore the request made at the July 28, 2006 meeting could not be acted upon as an action taken by the Board must be properly noticed to the public. As the intent to address the motion to rescind has been included on this agenda, and therefore proper notice has been given under §551 and Texas Government Code §2306.032, the Board may consider rescinding its previous vote by a simple majority of those casting votes today regardless of how they voted on the original motion, or even if they did not vote. In the event of a three-to-three vote, a motion to rescind would fail, and the subsequent agenda item in b) of this section would not be heard.

The staff is currently unaware of any material changes to the request. The applicant indicated at the July 28, 2006 meeting that some of the material presented in public testimony was contradictory to materials they had previously received, but because of the nature of the hearing, that material was not presented.

Staff has made an attempt to notify all parties that spoke at the July 12, 2006 hearing of this agenda item, prior to the Board Book being posted seven days in advance of this meeting.

Staff Recommendation: None. Rescinding a Board decision is in the sole discretion of the Board.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2006 Private Activity Multifamily Housing Revenue Bonds

Parkwest Apartment Homes
14601 Block of Parkwest Central Drive and west of the 3600 Block of State Highway 6
Houston, Texas

Houston 3601 Houston Parkwest Apartments, L.P.
252 Units
Priority 3
$15,000,000 Tax Exempt – Series 2006

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Parkwest Apartment Homes development.

Requested Action

Approve, Amend or Deny the staff recommendation for the Parkwest Apartment Homes development.

Summary of the Parkwest Apartment Homes Transaction

The pre-application for the 2006 Waiting List was received on February 6, 2006. The application was scored and ranked by staff. The application was induced at the March 20, 2006 Board meeting and submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on March 28, 2006. This application was submitted under the Priority 3 category. A public hearing was held on May 31, 2006. There were 67 people in attendance including State Representative Hubert Vo, Superintendent Louis Stoerner, and a representative from Commissioner Steve Radack's office. Nineteen (19) people spoke for the record. Sixty (60) people signed in as opposed, two (2) were in support, and five (5) were neutral. The Department has received thirteen letters of opposition and one letter of support. The opposition letters were received from the following: State Representative Hubert Vo, former State Representative Talmadge Heflin, the Superintendent of Alief ISD, President of the School Board of Trustees, Commissioner Steve Radack, and the Harris County MUD District. The other opposition letters came from individuals within the community. The main concerns that were addressed included the overcrowding in emergency rooms and hospitals, excessive concentration of affordable housing complexes in the Alief area, occupancy rates of currently multifamily developments in the area, and the additional stress that will be placed on the volunteer Fire Department, EMS, and Sheriff's Department. A copy of the transcript is included in this presentation.

This application was presented to the Board at the July 12, 2006 meeting and was denied with a three to two vote of the Board. At the July 28, 2006 Board meeting, the Applicant requested to be placed on the August 30, 2006 Board meeting for reconsideration of the Application.

The proposed site is located at approximately the 14601 block of Parkwest Central Drive and west of the 2600 block of State Highway 6, Houston, Harris County, Texas. Demographics for the census tract (4543.00) include AMFI of $61,040; the total population is 10,834; the percent of the population that is minority is 60.31%; the percent of the population below the poverty line is 8.84%; the number of owner occupied units is 2,231; the number renter occupied units is 1,769 and the number of vacant units is 589. (Census Information from FFIEC Geocoding for 2006)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in an amount not to exceed $15,000,000. The bonds will be unrated and privately placed with Capmark Securities, Inc. The term of the bonds will be for 33 years followed by a 37 year amortization. The construction and lease up period will be for thirty-six (36) months with the option of a six (6) month extension. The floor interest rate on the bonds from the date of issuance through the first 24 months of the term of the loan will be 5.00% per annum followed by a permanent floor interest rate of 6.00% per annum thereafter until maturity.

Recommendation

Staff recommended the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Parkwest Apartment Homes at the July 12 Board meeting.

MULTIFAMILY FINANCE PRODUCTION DIVISON
BOARD MEMORANDUM
August 30, 2006

DEVELOPMENT: Parkwest Apartment Homes, Houston, Harris County.

PROGRAM: Texas Department of Housing & Community Affairs
2006 Private Activity Multifamily Revenue Bonds

ACTION REQUESTED: Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Houston 3601 Parkwest Apartments, L.P., a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 252-unit multifamily residential rental development located at approximately the 14601 block of Parkwest Central Drive and west of the 3600 block of State Highway 6, Houston, Harris County (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

BOND AMOUNT: $ 15,000,000 Series 2006 Tax Exempt Bonds (*)
$ 15,000,000 Total Bonds

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

ANTICIPATED CLOSING DATE: The Department is expected to receive a volume cap allocation for the Bonds on August 30, 2006 pursuant to the Texas Bond Review Board's 2006 Private Activity Bond Allocation Program. The anticipated closing date is September 27, 2006.

BORROWER: Houston 3601 Parkwest Apartments, L.P., a Texas limited partnership, the general partner of which is Houston 3601 Parkwest Apartments I, LLC. of which Kenneth G. Cash is a member of the General Partner owning 99% interest. PNC Multifamily Capital, is

** Preliminary - Represents Maximum Amount*

an Investor Limited Partner of Borrower, and it or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY:

The Compliance Status Summary completed on June 29, 2006 reveals that the principals of the general partner above do not have any properties that are being monitored by the Department at this time.

ISSUANCE TEAM/ ADVISORS:

Capmark Securities, Inc. or an affiliate thereof ("Bond Purchaser")
PNC Multifamily Capital ("Equity Provider")
Wells Fargo Bank, National Association ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Capital Markets ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. ("Disclosure Counsel")

BOND PURCHASER:

The Bonds will be purchased by Capmark Securities, Inc. or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

The Development is a 252-unit apartment community to be constructed on an approximately 14.18 acres to be located at approximately the 14601 block of Parkwest Central Drive and west of the 3600 block of State Highway 6, Houston, Harris County, Texas. The Development will consist of eleven (11) three-story residential, wood-framed apartment buildings consisting of brick and handiplank veneer exteriors with a total of approximately 232,560 net rentable square feet and an average unit size of 923 square feet. The development will include a clubhouse with business/conference center, activity room with computers, games room/TV lounge, exercise room, laundry facilities, swimming pool, playground, full perimeter fencing with gated access, and barbeque and picnic area. The unit amenities include microwave ovens, washer/dryer connections, storage room, and ceiling fans.

Units	Unit Type	Sq Ft	Proposed Net	Rent
72	1-Bed/1-Baths	680	$626.00	60%
96	2-Bed/2-Baths	950	$751.00	60%
84	3-Bed/2-Baths	1,132	$862.00	60%
252	Total Units			

SET-ASIDE UNITS:

For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs. *(The Borrower has* *elected to set aside 100% of the units for tax credit purposes.)*

TENANT SERVICES: Tenant Services will be provided by the developer according to the requirements as outlined in the Regulatory and Land Use Restriction Agreement (LURA).

DEPARTMENT ORIGINATION FEES:
$1,000 Pre-Application Fee (Paid)
$10,000 Application Fee (Paid)
$75,000 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:
$15,000 Bond Administration (0.10% of first year bond amount)
$10,080 Compliance ($40/unit/year adjusted annually for CPI).

ASSET OVERSIGHT FEE:
$6,300 to TDHCA or assigns ($25/unit/year adjusted annually for CPI)
(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)

TAX CREDITS: The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $875,000 and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $8,437,850 of equity for the transaction.

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

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

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

BOND INTEREST RATES: The floor interest rate on the bonds from the date of issuance to July 1, 2008 will be 5.00% per annum followed a permanent floor interest rate on the Bonds of 6.00% per annum until October 1, 2039 at which point the Bonds will bear interest at the applicable Bond Coupon Rate.

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

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

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at the applicable Bond Coupon Rate beginning August 1, 2008 until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Bond Fund, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

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

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

Mandatory Redemption:

1. Amounts Transferred from Project Fund - The Bonds shall be redeemed in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption, but without premium, in the event and to the extent amounts remaining in the Project Fund are transferred to the Bond Fund on the first Bond Payment Date for which notice of redemption can be given at the Redemption Price.

2. Upon Mandatory Prepayment of Note - The Bonds shall be redeemed in whole or in part, with the Written Consent of the Construction Phase Credit Facility Provider prior to Lien Free

Completion and the Bondholder Representative after Lien Free Completion, upon prepayment of the Note by the Borrower as required by the Loan Agreement on the earliest Business Day for which notice can be given at the Redemption Price.

3. Bond Document Default - The Bonds shall be redeemed in whole or in part upon the acceleration of the Note pursuant to the Loan Agreement and upon Written Direction of the Bondholder Representative or, prior to the Lien Free Completion, the Construction Phase Credit Facility Provider to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 6.10 hereof, at the Redemption Price.

4. Certain Pre-Conversion Events - The Bonds are subject to mandatory redemption, at the Redemption Price, on the earliest Business Day for which notice can be given from payments from funds derived from a draw on the Construction Phase Credit Facility or transferred from the Project Fund to the Bond Fund:

   (a) in whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, in accordance with the Construction Phase Financing Agreement, to redeem the Bonds as a result of the occurrence of a Borrower Default as defined in and under the Construction Phase Financing Agreement or from the Construction Phase Credit Facility Provider to redeem Bonds as a result of the occurrence of a Borrower Default under the Construction Phase Credit Facility Provider Documents; or

   (b) in whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, on or after the Outside Conversion Date, if the Conversion Notice is not issued by the Bondholder Representative prior to the Outside Conversion Date; or in part, in the event that the Borrower or the Construction Phase Credit Facility Provider elects to make a Pre-Conversion Loan Equalization Payment and the Trustee has received Written Notice thereof and Written Direction from the Bondholder Representative to redeem Bonds, in an amount equal to the amount of the Note prepaid by the Borrower.

5. Sinking Fund Redemption - The Bonds shall be subject to redemption, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption and shall be redeemed in part on each Bond Payment

Date, commencing the first business day of the month immediately after commencement of amortization of the Loan, in accordance with a Mandatory Sinking Fund Schedule provided to the Trustee by the Borrower on such date of commencement and calculated so as to provide for level debt service payment on the Bonds. Such redemption shall be made from amounts paid by the Borrower as principal under the Note, as confirmed to the Trustee by the Servicer in writing, without regard to Authorized Denomination; provided, however, Senior Bonds shall be redeemed first, then once no Senior Bonds remain Outstanding, Subordinate Bonds shall be redeemed.

6. Excess Revenues - Upon the delivery to the Trustee of a Notice of Accelerated Redemption in the form attached hereto as Exhibit I, first the Senior Bonds, if any, then the Subordinate Bonds, if any, shall be subject to redemption on each Bond Payment Date, in whole or in part, at the Redemption Price, from amounts then on deposit in the Surplus Fund in excess of $10,000. Prior to the delivery of such Notice of Accelerated Redemption, no Bond shall be redeemed.

7. Purchase in Lieu of Redemption - The Borrower shall have the option to cause the Bonds to be purchased in lieu of redemption and the Bondholder Representative shall have the option to cause the Bonds to be purchased in lieu of redemption.

8. Special Purchase in Lieu of Redemption - Special Purchase Option. If all Bonds Outstanding are called for redemption in whole at any time that the Construction Phase Credit Facility is in effect, the Bonds may, in lieu of such redemption, be purchased ("Special Purchase Bonds") by the Trustee, at the Written Direction of the Construction Phase Credit Facility Provider to the Trustee, for the account of the Construction Phase Credit Facility Provider.

9. Notice of Redemption - Not less than fifteen (15) days, nor more than thirty (30) days before the redemption date of any Bonds to be redeemed, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by certified mail to the Bondholder Representative), postage prepaid, to the Registered Owners of the Bonds (with a copy to the Borrower, the Issuer, and the Construction Phase Credit Facility Provider), provided that no prior notice of redemption shall be required in the case of a redemption.

Optional Redemption:

The Bonds may be redeemed in whole, but not in part, on any Business Day, upon prepayment of the Note by the Borrower pursuant to the Loan Agreement. The Bonds may be redeemed on any date on which the Note may be prepaid pursuant to its terms, at the Redemption Price and upon notice to the Bondholders, given by the Trustee in accordance with Section 6.10 of the Indenture. No such optional redemption of Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Bonds not less than one day prior to the date that the Bonds are to be redeemed

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

Under the Trust Indenture, Wells Fargo, 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.

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

The Trust Indenture will initially create up to nine (9) funds with the following general purposes:

1. Bond Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Fund and immediately applied by the Trustee to other funds and accounts as required by the Indenture.

2. Project Fund – Consists of the Bond Proceeds Account, the Capitalized Interest Account and the Earnout Account. Monies in the Project Fund will be used for the acquisition, construction or equipping of the Development, to pay other Qualified Project Costs and to pay other costs related to the Development.

3. 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.

4. Expense Fund – Monies in the Expense Fund shall be used to pay the Third Party Fees.

5. Costs of Issuance Fund – Fund into which amounts for the

payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.

6. Surplus Fund –Monies on deposit in this account shall be disbursed as further required under the Bond Fund of the Indenture.

7. Senior Bonds Debt Service Reserve Fund – Monies deposited in this account shall be used to pay the principal and interest on the Senior Bonds, as well as any Third Party Fees to the extent that funds in the Bond Fund, Surplus Fund and Expense Fund are unavailable to do so.

8. Subordinate Bonds Debt Service Reserve Fund – Monies on deposit in this account shall be used to pay the principal and interest on the Subordinate Bonds, as well as any Third Party Fees to the extent that funds in the Bond Fund, Surplus Fund and Expense Fund are unavailable to do so.

9. Remarketing Proceeds Fund – Monies on deposit in this account should be used solely to purchase remarketed or deemed remarketed Bonds pursuant to the Indenture.

Essentially, all of the Bond proceeds will be deposited into the Bond Fund and the Project Fund and disbursed from there during the Construction Phase (approximately 36 months) to finance the construction of the Development and to pay interest on the Bonds. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT ADVISORS:

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in September 2005.

2. Bond Trustee – Wells Fargo, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 2006.
3. Financial Advisor – RBC Capital Markets, formerly RBC Dain Rauscher, was selected by the Department as the Department's financial advisor through a request for proposals process in August 2003.

4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in September 2005.

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. 06-035

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (PARKWEST APARTMENT HOMES) SERIES 2006; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Parkwest Apartment Homes) Series 2006 (the "Bonds"), pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") by and between the Department and Wells Fargo Bank, National Association (the "Trustee"), for the purpose of obtaining funds to finance the 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 Houston 3601 Parkwest Apartments LP, a Texas limited partnership (the "Borrower"), in order to finance a portion of 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 of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on March 20, 2006, 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 Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the portion of the

Development to be occupied by individuals and families of low and very low income and families of moderate income and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by a Letter of Credit issued by PNC Bank, National Association, a national banking association (the "Bank"); and

WHEREAS, it is anticipated that the Note will be secured by a first lien Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear pursuant to a Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Trustee; and

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

WHEREAS, the Board has further determined that the Department will enter into a Bond Placement Agreement (the "Purchase Contract") with the Borrower, Capmark Securities, Inc., as placement agent, (the "Placement Agent"), Capmark Municipal Mortgage, Inc. (the "Purchaser") and any other parties to such Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Purchaser 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 Purchaser or another party to such Purchase Contract; and

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

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, and the Purchase Contract (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.14, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. (i) The Bonds shall bear interest (a) from the Closing Date through, but not including, the Lien Free Completion Date, at a rate of (1) 5.0% from the Closing Date to and including September 30, 2008 and (2) 6.0% from and after October 1, 2008 and (b) on and after the Lien Free Completion Date, at the rates determined from time to time by the Indexing Agent (as 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 $15,000,000; (iii) the final maturity of the Bonds shall occur on December 1, 2039; and (iv) the price at which the Bonds are sold to the Purchaser or another party to the Purchase Contract shall be the principal amount thereof.

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

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

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.6--Approval, Execution and Delivery of the Purchase Contract. That the sale of the Bonds to the Purchaser and any other party to the Purchase Contract is hereby approved, that the form and substance of the Purchase Contract are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Purchase Contract and to deliver the Purchase Contract to the Borrower, the Placement Agent, the Purchaser and any other party to the Purchase Contract as appropriate.

Section 1.7--Acceptance of the Mortgage and Note. That the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.9--Approval, Execution 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 1.10--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 1.11--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Purchase Contract
Exhibit F	-	Mortgage
Exhibit G	-	Note
Exhibit H	-	Assignment
Exhibit I	-	Asset Oversight Agreement

Section 1.12--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 1.13--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.14--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 of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Purchase Contract and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.4--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.6--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the 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--Placement Agent. That the placement agent with respect to the issuance of the Bonds shall be Capmark Securities Inc.

Section 2.8—Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.9--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the 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 Section 1207.008, Texas Government Code, 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 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 Loan 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 Chapter 1207, Texas Government Code, and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the 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 extremely low, low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Mortgage Loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the 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 Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

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

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

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

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 30th day of August, 2006.

[SEAL]

By:___________________________________
Elizabeth Anderson, Chair

Attest:_______________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Houston 3601 Parkwest Apartments LP, a Texas limited partnership

Development: The Development is a 252-unit multifamily facility to be known as Parkwest Apartment Homes and to be located at approximately the 14601 block of Parkwest Central Drive, west of the 3601 block of State Highway 6, Harris County, Texas 77082. It will consist of fourteen 2-story and three 3-story residential apartment buildings with approximately 235,248 net rentable square feet and an average unit size of approximately 935 square feet. The unit mix will consist of:

72	one-bedroom/one-bath units
96	two-bedroom/two-bath units
84	three-bedroom/two-bath units
252	Total Units

Unit sizes will range from approximately 680 square feet to approximately 1,332 square feet.

Common areas are expected to include a swimming pool, a picnic area, a play area with playground equipment, and a community center with a central kitchen, an exercise room, computer facilities and laundry facilities.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Parkwest Apartment Homes, TDHCA Number 060611

BASIC DEVELOPMENT INFORMATION

Site Address:	Parkwest Central Drive at State Highway 6			Development #:	060611
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77082	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	NC
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:	Houston 3601 Parkwest Apartments, L.P.	
Owner Contact and Phone	Kenneth Cash	(713) 722-9888
Developer:	StoneArch Development, Inc.	
Housing General Contractor:	White Oak Building	
Architect:	The Thompson Nelson Group, Inc.	
Market Analyst:	Vogt, Williams & Bowden, LLC.	
Syndicator:	PNC Multifamily Capital	
Supportive Services:	Texas Inter-faith Housing Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	252	0	72	96	84	0	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	252
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	252
Total Development Cost:	$23,438,097
Number of Residential Buildings:	17
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$875,000	$875,000	0	0	0.00%
TDHCA Bond Allocation Amount:	$15,000,000	$15,000,000	40	30	6.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

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TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Parkwest Apartment Homes, TDHCA Number 060611

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Janek, District 17 NC

TX Representative: Vo, District 149 O

US Representative: Green, District 9, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC

David B. Turkel, Director, Harris County Community & Economic Development Department - Consistent with the HUD approved 2003-2007Consolidated Plan for Harris County.

Louis Stoerner, Alief ISD Superintendent - O

Resolution of Support from Local Government ☐

Sarah B. Winkler, Alief ISD Board of Trustees, President - O

Individuals/Businesses: In Support: **0** In Opposition: **19**

Neighborhood Input:

Harris County Municipal Utility District	O
S.A.V.E. Alief, Inc.	O
Alief Superneighborhood Council	O
West Bend Community Improvement Assoc.	O
Talmadge Heflin, Former State Representative - O	O
Mission Bend United Methodist Church	S

General Summary of Comment:

Public Hearing: Concerns regarding overcrowding of area emergency rooms and hospitals, excessive concentration of affordable housing developments in the area, depreciating property values, additional stress on community fire, police, and EMS departments, traffic congestion along Highway 6 and the area surrounding the proposed site, additional burdern the proposed development will place on Alief ISD.
Number that attended: 67
Number that spoke: 19
Number in support: 2
Number in opposition: 60
Number Neutral: 5

CONDITIONS OF COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

1. Receipt, review, and acceptance prior to closing of certification from a Professional Surveyor that the site is outside the 100 and 500 year flood plain or provide a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs. The mitigation plan may include a detailed plan to achieve a Letter or Conditional Letter of Map Amendment or Revision (LOMA, LOMR, LOMR-F, CLOMA, or CLOMR-F), or evidence from a third party engineer that the site will be developed so that all ground level finished floors are at least one foot above the base flood elevation and parking and drive areas are no lower than six inches below the base flood elevation, subject to more stringent local requirements.

2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Parkwest Apartment Homes, TDHCA Number 060611

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

4% Housing Tax Credits:		Credit Amount:	$875,000

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $875,000 annually for ten years, subject to conditions.

TDHCA Bond Issuance:		Bond Amount:	$15,000,000

Recommendation: Recommend approval of issuance of $15,000,000 in Tax Exempt Mortgage Revenue Bonds with a fixed interest rate of 6% and repayment term of 30 years with a 40 year amortization period, subject to conditions.

HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0

Recommendation:

Parkwest Apartment Homes

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2006 Tax-Exempt Bond Proceeds	$ 15,000,000
Tax Credit Proceeds	8,437,850
Deferred Developer's Fee	785,995
Lender Deposit Reimbursement	11,650
Total Sources	$ 24,235,495

Uses of Funds	
Acquisition and Site Work Costs	$ 14,940,346
Direct Hard Construction Costs	697,529
Other Construction Costs (General Require, Overhead, Profit)	1,713,229
Indirect Construction Costs	432,930
Developer Fees and Overhead	2,575,060
Direct Bond Related	261,330
Bond Purchase Costs	948,000
Other Transaction Costs	2,299,371
Real Estate Closing Costs	367,700
Total Uses	$ 24,235,495

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 75,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	30,000
TDHCA Bond Compliance Fee ($40 per unit)	10,080
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Trustee Fee	9,000
Trustee's Counsel (Note 1)	5,500
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
Total Direct Bond Related	$ 261,330

Parkwest Apartment Homes

Bond Purchase Costs		
Construction Lender		600,000
Construction Lender's Counsel		35,000
Placement Agent		150,000
Placement Agent Counsel		45,000
Bond Purchaser		75,000
Borrower Counsel		43,000
Total Bond Purchase Costs	$	948,000

Other Transaction Costs		
Tax Credit Application and Determination Fees (if paid at closing)		35,000
Soft Cost Contingency		90,679
Operating Deficit Reserve		550,000
Construction Interest		1,512,000
Conversion Fee		15,000
Public Hearing/Legal		2,692
Miscellaneous		94,000
Total Other Transaction Costs	$	2,299,371

Real Estate Closing Costs		
Title/Recording Fees		88,000
Construction Taxes and Insurance		264,700
Construction Inspection Fees		15,000
Total Real Estate Costs	$	367,700
Estimated Total Costs of Issuance	$	3,876,401

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 1, 2006 **PROGRAM:** 4% HTC & MRB **FILE NUMBER:** 060611

DEVELOPMENT NAME

Parkwest Apartment Homes

APPLICANT

Name:	Houston 3601 Parkwest Apartments, L.P.	**Contact:**	Kenneth G. Cash
Address:	11211 Katy Freeway, Suite 500-9		
City	Houston	**State:**	TX **Zip:** 77079
Phone:	(713) 722-9888 **Fax:** (713) 722-9882	**Email:**	kcash@stonearch.org

KEY PARTICIPANTS

Name:	Houston 3601 Parkwest Apartments I, LLC	**Title:**	1% Managing General Partner of Applicant
Name:	StoneArch Development, Inc.	**Title:**	Developer
Name:	Kenneth Cash	**Title:**	99% Owner of GP
Name:	Marvalette Hunter	**Title:**	1% Owner of GP

PROPERTY LOCATION

Location:	14601 Parkwest Central Drive		
City:	Houston	**Zip:**	77082
County:	Harris	**Region:**	6 ☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$875,000	N/A	N/A	N/A
MRB	$15,000,000	6%	40 yrs	30 yrs

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban, General

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $15,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6% AND REPAYMENT TERM OF 30 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $875,000 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance prior to closing of certification from a Professional Surveyor that the site is outside the 100 and 500-year flood plain or provide a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs. The mitigation plan may include a detailed plan to achieve a Letter or Conditional Letter of Map Amendment or Revision (LOMA, LOMR, LOMR-F, CLOMA or CLOMR-F), or evidence from a third party engineer that the site will be developed so that all ground level finished floors are at least one foot above the base flood elevation and parking

and drive areas are no lower than six inches below the base flood elevation, subject to more stringent local requirements.

2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit or allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 252 **# Res Bldgs** 17 **# Non-Res Bldgs** 2 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 235,248 **Av Un SF:** 933 **Common Area SF:** 5,500 **Gross Bldg SF:** 240,748

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on concrete slabs. According to the plans provided in the application the exterior will be 10% masonry veneer and 90% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Each unit will 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. Each unit will also include three networks: one for phone service, one for data service, and one for TV service. Additionally, each unit will include a microwave, an ice maker in the refrigerator, a self-cleaning oven, laundry connections, and individual water heaters.

ONSITE AMENITIES

The Applicant has also elected to provide a barbecue grill or picnic tables, a community laundry room, controlled access gates, a covered pavilion, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, public telephones available to tenants 24 hours a day, a swimming pool, and two children's playgrounds equipped for 5 to 12 year olds, two tot lots or one of each, and a furnished and staffed children's activity center.

Uncovered Parking: 234 spaces **Carports:** 160 spaces **Garages:** 66 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Parkwest Apartment Homes is a 17.8 unit per acre new construction development located in west Houston. The development is to be comprised of 17 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
3	2.5	8	12	
4	2		8	8
6	2	8		8
1	2		4	4
3	2		8	

SITE ISSUES

SITE DESCRIPTION

Total Size: 14.1 acres **Scattered sites?** ☐ Yes ☒ No

Flood Zone: Zone X **Within 100-year floodplain?** ☒ Yes ☐ No

Current Zoning: N/A **Needs to be re-zoned?** ☐ Yes ☐ No ☒ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located in the western portion of Houston on Parkwest Central Drive in Harris County, Texas. Houston is located approximately 240 miles south of Dallas and 198 miles east of San Antonio.

Adjacent Land Uses:

- **North:** Self storage facility and church immediately adjacent and undeveloped land and small commercial businesses beyond;
- **South:** Small retail businesses, shops and restaurants immediately adjacent and beyond;
- **East:** State Route 6, medical and dental offices, and commercial and undeveloped land beyond; and
- **West:** Undeveloped partially wooded land immediately adjacent and beyond.

Site Access: Access to the site is from State Highway 6 on the east and Parkwest Central Drive on the north side of the property.

Public Transportation: Public transportation to the area is provided by the Metropolitan Transit Authority of Harris County and the nearest linkage is .2 miles from the subject site.

Shopping & Services: The subject site is located in an area that has numerous shopping opportunities, employers, recreational and educational facilities. Schools, churches, hospitals and parks are all within a short driving distance from the site.

Adverse Site Characteristics:

Floodplain: The Phase I Environmental Site Assessment Consultant indicated the following: "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel NO 48201C0810K, the eastern part of the subject property may lie within a 100 or a 500-year flood zone. It appears this area has been raised in the past, and may not be in a floodplain. This can be confirmed by a Professional Surveyor." Accordingly, this report is conditioned upon receipt, review, and acceptance of certification from a Professional Surveyor prior to closing that the site is outside the 100 and 500-year flood plain or provide a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs. The mitigation plan may include a detailed plan to achieve a Letter or Conditional Letter of Map Amendment or Revision (LOMA, LOMR, LOMR-F, CLOMA or CLOMR-F), or evidence from a third party engineer that the site will be developed so that all ground level finished floors are at least one foot above the base flood elevation and parking and drive areas are no lower than six inches below the base flood elevation, subject to more stringent local requirements.

TDHCA SITE INSPECTION

Inspector: TDHCA Staff **Date:** 5/31/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated May 2006 was prepared by DCH Environmental that contained the following findings and recommendations:

Findings: According to DCH Environmental:

- The subject site is and has been undeveloped land.
- One (1) Resource Conservation and Recovery Act Information Center (RCRIS) site was identified within a ¼ mile radius of the subject property.
- Two (2) Underground Storage Tank (UST) sites were identified within a ¼ mile radius of the subject property.
- These regulated sites would not affect the subject site.

Conclusion: Based upon DCH's site investigation of the subject property, surrounding properties, regulatory agency records review and inquiries, interviews and historical research, no other direct evidence was found indicating recognized environmental conditions exist at the subject property.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The bonds are being issued under priority 3 which allows market rate units; however, the Applicant has chosen to restrict 100% of the units as 60% tax credit units restricted to households earning 60% or less of the area median income.

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 May 15, 2006 was prepared by Brian Gault of Vogt, Williams & Bowen, LLC ("Market Analyst") and included the following findings:

Definition of Primary Market Area (PMA): "The Houston Site PMA includes the furthest western section of the city of Houston. Specifically, the boundaries of the Site include Westheimer Road to the north and west, South Dairy Ashford Road to the east, the Harris County-Fort Bend County line to the south" (p. II-1). This area encompasses approximately 14.5 square miles and is equivalent to a circle with a radius of 2.15 miles. The Market Analyst did not specifically define a secondary market.

Population: The estimated 2006 population of the PMA is 85,593 and is expected to increase by 12% to approximately 95,633 by 2011. Within the primary market area there is estimated to be 29,018 households in 2006.

Total Market Demand: The Market Analyst calculated a total demand of 1,879 based on the current estimate of 29,018 households in the PMA, projected growth of 12%, 92.3% appropriate household size, renter households of 13,900 which represent 47.9% of total households, and target size appropriate income eligible renter households estimated to be 2,863. He also indicates a turnover rate of 63.3% based on IREM (p.VII-2).

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	67	4%	64	4%
Resident Turnover	1,812	96%	1,702	96%
Other Sources:	0	0%	0	0%
TOTAL DEMAND	**1,879**	**100%**	**1,766**	**100%**

p. VII-3

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 13.4% based upon 1,879 units of demand and 252 unstabilized affordable housing units in the PMA (including the subject) (p. VIII-3. The Underwriter calculated an inclusive capture rate of 14.3% based upon a supply of 252 unstabilized comparable affordable units divided by a revised demand estimate for 1,766 affordable units.

Unit Mix Conclusion: "The proposed project will offer a unit and project amenities package similar to those of the PMA's newer comparable LIHTC projects" (p. V-6).

Market Rent Comparables: The Market Analyst selected and surveyed 5 comparable apartment projects totaling 1,302 units in the market area. "The five selected market-rate projects have a combined total of 1,302 units with an overall occupancy rate of 97.2%. None of the selected market-rate comparable properties have an occupancy rate below 93.3%" (p. VI-2).

RENT ANALYSIS					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$626	$625	+$1	$695	-$69
2-Bedroom (60%)	$751	$751	$0	$900	-$149
3-Bedroom (60%)	$862	$862	$0	$1,020	-$158

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

Primary Market Occupancy Rates: "The overall occupancy rate of the 6,894 non-government-subsidized units is 96.6%, indicating a very healthy rental market with a relatively low vacancy rate of 3.4%. Overall, the 1,022 existing LIHTC units have a 97.7% occupancy rate" (p. II-2).

Absorption Projections: "It is our opinion that the 252 family Tax Credit units at the subject site will reach a stabilized occupancy of 95% within 14 to 16 months of opening. This absorption rate is based on an average monthly absorption rate of 15 to 17 units per month" (p. II-3).

Unstabilized, Under Construction, and Planned Development: "Based on our interviews with local building and planning representatives, it was determined that no new multifamily projects are planned or have been allocated in the Site PMA" (p. V-9). The Underwriter's map reflects that four tax credit developments consisting of 600 family units and 110 units targeting seniors were approved in the 2001 to 2002 time period within the subject primary market area. All of the developments are considered to have stabilized and are reported in the market study as over 95% occupied. The two closest of these are within one mile, City Parc at West Oaks I & II (fka West Oaks Apartments and Green Crest Apartments, representing 360 units). These properties appear not to have submitted updated renter occupancy information into the Department's database and therefore our system shows them to be less than 90% occupied. The Underwriter however, confirmed with the On-site Manager that the properties have been at 90% or better occupancy for a year or more but recently suffered a reduction in occupancy as a result of the loss of FEMA vouchered tenants. If these units were included as unstabilized comparables the inclusive capture rate would rise to an unacceptable 34.7%.

Market Impact: "The proposed 252 units at the subject site will represent a capture rate of 13.4% of the 1,879 net income-eligible renter households within the Site PMA. This is considered a good capture rate and an indication that the proposed project is supportable, especially given that there are no vacancies among four of the five existing Tax Credit properties in the Site PMA" (p. VII-4).

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The firm that conducted the Department commissioned study is the same firm that conducted the market study for the subject development. The proposed development is located in the Southwest submarket within the Department commissioned Houston MSA study. According to the Department commissioned market study; there are a negative thirty-seven (-37) units of demand for 1-bedroom units at the 51-60% income level; negative forty-four (-44)units of demand for 2-bedroom units at the 51-60% income level; and negative twenty-one (-21) units of demand for 3-bedroom units at the 51-60% income level (p. III-1059). This information appears on the surface to be inconsistent with the demand conclusions of the market study submitted with this application. The Department's market study for the entire MSA did not, however, incorporate demand from turnover as normally allowed in development specific market studies because in the global study demand from turnover generally returns to other units in the market area. In lieu of turnover the Department commissioned study considered two and a half percent of the units developed prior to 1970 to be replaced or removed from the supply of units every year due to physical and functional obsolescence. While the historic rate at which older units have come off line is much lower, many comments have been received to suggest that this rate is lower than what should be targeted especially since the largest development surge of apartments in Houston occurred in the 1980's and a significant percentage of those units have not been maintained or were originally constructed to endure beyond 20 to 30 years without substantial renovation. A development specific market study identifies the demand from turnover as potential demand that can be attracted away from existing inferior units and to the proposed development (and any other new developments that have not yet become fully occupied).

The Underwriter requested and received additional information from the Market Analyst to reconcile the two different conclusions of the two market studies. The Market Analyst indicated that he had limited personal involvement in the Department commissioned study but reiterated the differences between the subject study and the larger MSA study. The Market Analyst indicated that the Department commissioned study determined demand from a different perspective than a property specific study in that the property specific study is allowed to consider as a part of demand for the property the natural turnover from other properties where the Department commissioned study did not include turnover as a source of demand. In a property specific study as in the real world this source of demand is typically the largest source of tenants for a new development. The Market Analyst also indicated that the primary market area in the project specific study is somewhat smaller to meet the Department's development specific market study guidelines and has significantly different boundaries than the Department commissioned study.

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2005, maintained by the Harris County Housing Authority from the 2006 program gross rent limits. Tenants will be required to pay electricity.

Expenses: The Applicant's total annual operating expense projection at $4,060 per unit is within 5% of the Underwriter's estimate of $4,237, derived from the TDHCA database and third-party data sources. However, the Applicant's budget indicates some line items that deviate significantly when compared to the Underwriter's estimates. These items are general and administrative expenses that are $54K lower than the Underwriter's, utilities that are $26K lower than the Underwriter's, property insurance that is $40K higher, and property taxes that are $24K lower. The Applicant also underestimated compliance fees by $6,300 or $25 per unit per year.

Conclusion: The Applicant's income and expenses are each within 5% of the Underwriter's estimates; however, net operating income is just over 5% greater than the Underwriter's estimate and therefore exceeds the underwriting threshold. Accordingly, the Underwriter's net operating income (NOI) is used to determine the properties debt service capacity. Both the Applicant's and Underwriter's NOI appears to be sufficient to service the anticipated debt at between a 1.10 and 1.30 debt coverage ratio (DCR).

Long Term Feasibility: The Underwriter's 30 year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized in this proforma, resulting in a debt coverage ratio that remains above 1.10 and a continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 14.1 acres	$1,093,011	**Assessment for the Year of:**	2006
Building:	$0	**Valuation by:**	Harris County Appraisal District
Total Assessed Value:	$1,093,011	**Tax Rate:**	3.156

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest Money Contract		
Contract Expiration:	06/25/06 and one 4 month extension	**Valid through Board Date**	☒ Yes ☐ No
Acquisition Cost:	$2,700,000	**Other:**	
Seller:	S&T Nguyen Partnership	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $190,409 per acre or $10,714 per unit is higher than typically seen for an affordable development but does not hinder the development's feasibility and is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,365 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 less than 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $239,000 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's eligible contingency exceeds the 5% allowed by $85,662 and was reduced in the eligible basis calculation accordingly. As a result of the ineligible interim interest and excessive eligible contingency the Applicant's anticipated eligible developer fee is also overstated by $114, 218. As a result, the Underwriter's recalculation of the Applicant's eligible basis was reduced in this amount.

Reserves: The Applicant included no reserves in the budget included in the application while the Underwriter has estimated a minimum development reserve of $316K. The equity commitment reflects an operating reserve requirement of $550,000, and if this amount is included it can be funded from deferral of developer fees.

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 recalculate eligible basis. The Applicant used an applicable fraction of 3.49% in calculating total qualified basis; however, the Underwriter used the current percentage of 3.59% for applications submitted in May of 2006. An adjusted eligible basis of $19,108,437 was recalculated by the Underwriter and supports annual tax credits of $891,791. 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 FINANCING

Source: Capmark Securities **Contact:** Jerry Wright

Principal: $15,000,000 **Interest Rate:** 5.00%, fixed lender's estimate (net of issuer and trustee fees i.e. +0.14% **Term:** 24 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: The bonds are being underwritten and financing arranged by Newman & Associates who is listed in the application and here as the contact. Initial commitment reflected 5.75% interim interest.

PERMANENT FINANCING

Source: Newman & Associates / Capmark Securities **Contact:** Jerry Wright

Principal: $15,000,000 **Interest Rate:** 6%, fixed lender's estimate net of trustee and issuers fees **Amort:** 480 months

Documentation: ☐ Signed ☒ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: The preliminary term sheet considered a $300,000 taxable tail which is not included in the more updated interim financing and equity commitments or the current sources and uses. The most recent sources and uses from Capmark also reflect an anticipated perm loan rate of 6.14% which include issuer and trustee fees.

TAX CREDIT SYNDICATION

Source: PNC Bank **Contact:** Nichoel Flores

Proceeds: $8,437,850 **Net Syndication Rate:** .965 **Anticipated HTC:** $875,000/year

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: Based on the acquisition of 99.98% of the credits

OTHER

Amount: $247 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The Applicant plans to use tax-exempt bond financing issued through TDHCA, underwritten by Newman & Associates and privately placed with Capmark Securities. During the first 24 months the construction financing will have a fixed rate of 5.14% (5% on the bonds plus 0.14% for fees); however, upon conversion to permanent financing after the 24th month the bonds will have a fixed rate of 6% (6.14% all-in) with an amortization of 40 years and a term of 30 years.

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 $247 amount to less than 1% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $15,000,000 indicate the need for $8,438,097 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $875,026 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($875,000), the gap-driven amount ($875,027), and eligible basis-derived estimate ($891,791), the requested amount of $875,000 is recommended resulting in proceeds of $8,437,850 based on a syndication rate of 96.43 cents per credit. The Underwriter's recommended financing structure indicates the need for $247 in additional permanent funds. Deferred developer fees in this amount are repayable from development cashflow within 1 year of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant and Developer 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.

- StoneArch Development, Inc. is the developer and is anticipated to guarantee the development. However, StoneArch Development, Inc. is a newly formed entity owned by Kenneth Cash and it has no material financial statements at this time.
- The principal of the General Partner, Kenneth Cash, submitted an acceptable unaudited financial statement as of April 26, 2006 and is anticipated to be a guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.
- Significant environmental/locational risk exists regarding a small portion of the subject site that may lie

in the 100 or 500-year floodplain. It appears this area has been raised in the past and may not now be in a flood plain; however, this must be confirmed by a professional surveyor.

Underwriter:	*David Burrell*	**Date:**	July 1, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	July 1, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Parkwest Apartment Homes, Houston, MRB/HTC #060611

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
HTC-60%	72	1	1	680	$686	$625	$45,000	$0.92	$61.00	$19.00
HTC-60%	96	2	2	950	823	$751	72,096	0.79	72.00	24.00
HTC-60%	84	3	2	1,132	951	$862	72,408	0.76	89.00	36.00
TOTAL:	252		AVERAGE:	934	$827	$752	$189,504	$0.81	$74.52	$26.57

INCOME	Total Net Rentable Sq Ft:	235,248		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$2,274,048	$2,274,912		IREM Region	Houston
Secondary Income	Per Unit Per Month:	$15.00		45,360	60,480	$20.00	Per Unit Per Month	
Other Support Income: (describe)				39,840	39,840	$13.17	Per Unit Per Month	
POTENTIAL GROSS INCOME				$2,359,248	$2,375,232			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(176,944)	(178,140)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$2,182,304	$2,197,092			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.40%	$381	0.41	$95,971	$41,940	$0.18	$166	1.91%
Management		4.00%	346	0.37	87,292	87,883	0.37	349	4.00%
Payroll & Payroll Tax		11.52%	998	1.07	251,455	247,460	1.05	982	11.26%
Repairs & Maintenance		5.12%	443	0.47	111,712	127,496	0.54	506	5.80%
Utilities		2.58%	224	0.24	56,340	30,240	0.13	120	1.38%
Water, Sewer, & Trash		3.68%	319	0.34	80,352	93,744	0.40	372	4.27%
Property Insurance		3.46%	299	0.32	75,465	115,920	0.49	460	5.28%
Property Tax	3.156	10.93%	947	1.01	238,594	214,200	0.91	850	9.75%
Reserve for Replacements		2.31%	200	0.21	50,400	50,400	0.21	200	2.29%
Other: compl fees		0.92%	80	0.09	20,080	13,780	0.06	55	0.63%
TOTAL EXPENSES		48.92%	$4,237	$4.54	$1,067,661	$1,023,063	$4.35	$4,060	46.56%
NET OPERATING INC		51.08%	$4,423	$4.74	$1,114,643	$1,174,029	$4.99	$4,659	53.44%
DEBT SERVICE									
TDHCA Bonds		45.38%	$3,930	$4.21	$990,385	$1,008,007	$4.28	$4,000	45.88%
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		5.69%	$493	$0.53	$124,259	$166,022	$0.71	$659	7.56%
AGGREGATE DEBT COVERAGE RATIO					1.13	1.16			
RECOMMENDED DEBT COVERAGE RATIO					1.11				

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)		11.49%	$10,714	$11.48	$2,700,000	$2,700,000	$11.48	$10,714	11.52%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.83%	6,365	6.82	1,604,025	1,604,025	6.82	6,365	6.84%
Direct Construction		45.07%	42,010	45.00	10,586,523	10,633,322	45.20	42,196	45.37%
Contingency	5.00%	2.59%	2,419	2.59	609,527	697,529	2.97	2,768	2.98%
General Req'ts	6.00%	3.11%	2,903	3.11	731,433	734,241	3.12	2,914	3.13%
Contractor's G & A	2.00%	1.04%	968	1.04	243,811	244,747	1.04	971	1.04%
Contractor's Profit	6.00%	3.11%	2,903	3.11	731,433	734,241	3.12	2,914	3.13%
Indirect Construction		3.84%	3,580	3.83	902,089	902,089	3.83	3,580	3.85%
Ineligible Costs		6.09%	5,674	6.08	1,429,780	1,429,780	6.08	5,674	6.10%
Developer's G & A	2.00%	1.41%	1,314	1.41	331,207	333,004	1.42	1,321	1.42%
Developer's Profit	13.00%	9.16%	8,543	9.15	2,152,844	2,273,619	9.66	9,022	9.70%
Interim Financing		4.90%	4,569	4.89	1,151,500	1,151,500	4.89	4,569	4.91%
Reserves		1.35%	1,257	1.35	316,712		0.00	0	0.00%
TOTAL COST		100.00%	$93,218	$99.86	$23,490,885	$23,438,097	$99.63	$93,008	100.00%
Construction Cost Recap		*61.75%*	***$57,566***	***$61.67***	***$14,506,753***	***$14,648,105***	***$62.27***	***$58,127***	*62.50%*

SOURCES OF FUNDS						RECOMMENDED	
TDHCA Bonds	63.85%	$59,524	$63.76	$15,000,000	$15,000,000	$15,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,492,405
HTC Syndication Proceeds	35.92%	$33,484	$35.87	8,437,850	8,437,850	8,437,850	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$1	$0.00	247	247	247	0%
Additional (Excess) Funds Req'd	0.22%	$209	$0.22	52,788	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$23,490,885	$23,438,097	$23,438,097	$4,089,012

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Parkwest Apartment Homes, Houston, MRB/HTC #060611

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.90	$11,738,875
Adjustments				
Exterior Wall Finish	0.80%		$0.40	$93,911
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.24)	(526,956)
Floor Cover			2.22	522,251
Porches/Balconies	$20.33	13,905	1.20	282,689
Plumbing	$680	540	1.56	367,200
Built-In Appliances	$1,675	252	1.79	422,100
Stairs/Fireplaces	$1,825	60	0.47	109,500
Enclosed Corridors	$39.98		0.00	0
Heating/Cooling			1.73	406,979
Garages/Carports	$19.33	11,200	0.92	216,496
Comm &/or Aux Bldgs	$62.87	5,500	1.47	345,785
Other:	$9.20	3,888	0.15	35,770
SUBTOTAL			59.57	14,014,600
Current Cost Multiplier	1.04		2.38	560,584
Local Multiplier	0.89		(6.55)	(1,541,606)
TOTAL DIRECT CONSTRUCTION COSTS			$55.40	$13,033,578
Plans, specs, survy, bld prm	3.90%		($2.16)	($508,310)
Interim Construction Interes	3.38%		(1.87)	(439,883)
Contractor's OH & Profit	11.50%		(6.37)	(1,498,861)
NET DIRECT CONSTRUCTION COSTS			$45.00	$10,586,523

PAYMENT COMPUTATION

Primary	$15,000,000	Amort	480
Int Rate	6.00%	DCR	1.13

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.13

Additional		Amort	
Int Rate		Aggregate DCR	1.13

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$1,008,007
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$106,636

Primary	$15,000,000	Amort	480
Int Rate	6.14%	DCR	1.11

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.11

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.11

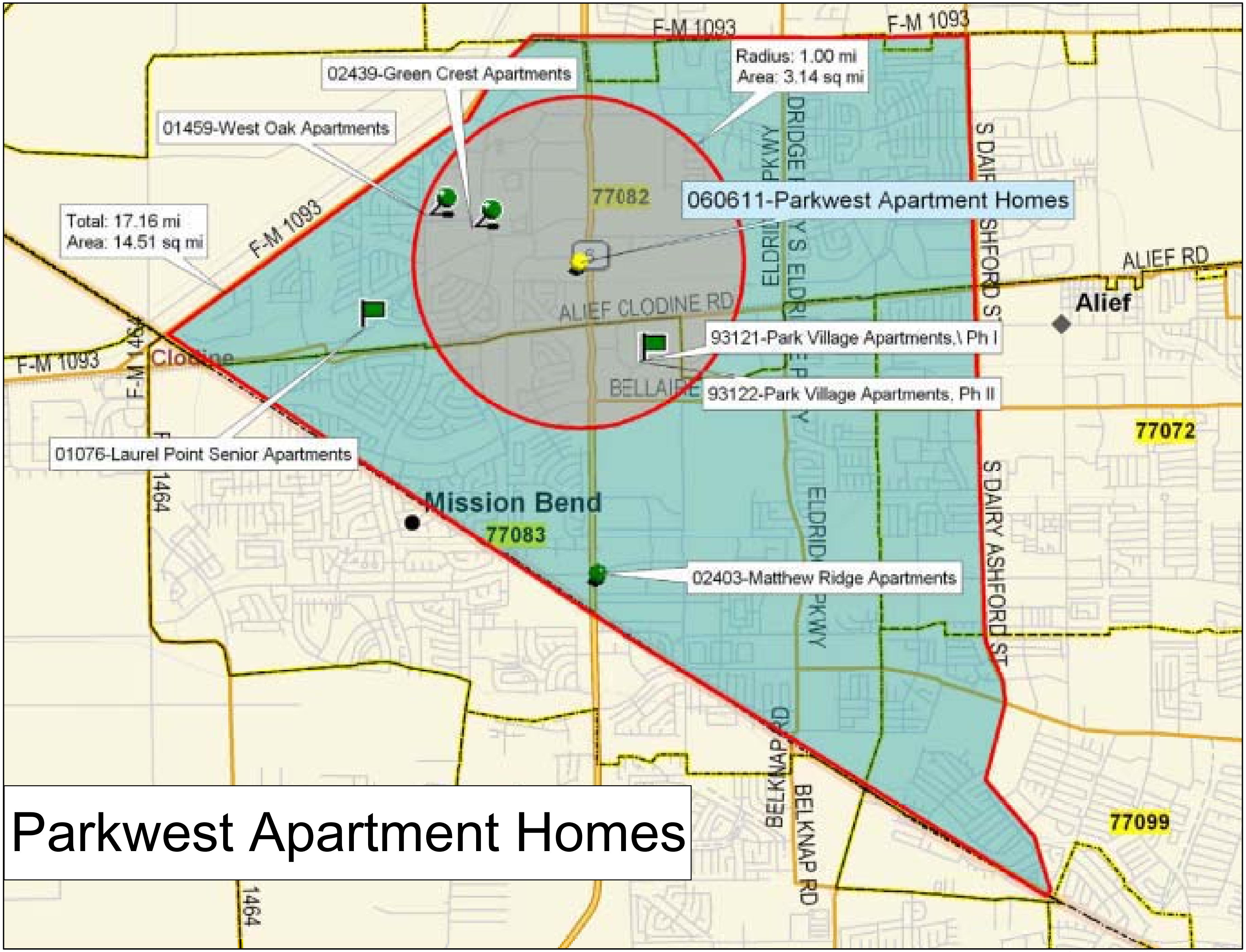
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$2,274,048	$2,342,269	$2,412,538	$2,484,914	$2,559,461	$2,967,117	$3,439,702	$3,987,557	$5,358,943
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Other Support Income: (describ	39,840	41,035	42,266	43,534	44,840	51,982	60,262	69,860	93,886
POTENTIAL GROSS INCOME	2,359,248	2,430,025	2,502,926	2,578,014	2,655,354	3,078,284	3,568,574	4,136,956	5,559,722
Vacancy & Collection Loss	(176,944)	(182,252)	(187,719)	(193,351)	(199,152)	(230,871)	(267,643)	(310,272)	(416,979)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,182,304	$2,247,774	$2,315,207	$2,384,663	$2,456,203	$2,847,412	$3,300,931	$3,826,684	$5,142,743
EXPENSES at 4.00%									
General & Administrative	$95,971	$99,809	$103,802	$107,954	$112,272	$136,596	$166,190	$202,196	$299,299
Management	87,292	89,911	92,608	95,387	98,248	113,896	132,037	153,067	205,710
Payroll & Payroll Tax	251,455	261,514	271,974	282,853	294,167	357,899	435,439	529,778	784,202
Repairs & Maintenance	111,712	116,180	120,828	125,661	130,687	159,001	193,449	235,360	348,391
Utilities	56,340	58,594	60,937	63,375	65,910	80,189	97,563	118,700	175,705
Water, Sewer & Trash	80,352	83,566	86,909	90,385	94,000	114,366	139,144	169,290	250,590
Insurance	75,465	78,484	81,623	84,888	88,284	107,411	130,681	158,994	235,350
Property Tax	238,594	248,137	258,063	268,385	279,121	339,593	413,167	502,681	744,090
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	20,080	20,883	21,719	22,587	23,491	28,580	34,772	42,306	62,623
TOTAL EXPENSES	$1,067,661	$1,109,495	$1,152,975	$1,198,168	$1,245,141	$1,509,267	$1,829,719	$2,218,557	$3,263,138
NET OPERATING INCOME	$1,114,643	$1,138,279	$1,162,232	$1,186,495	$1,211,062	$1,338,145	$1,471,212	$1,608,127	$1,879,605
DEBT SERVICE									
First Lien Financing	$1,008,007	$1,008,007	$1,008,007	$1,008,007	$1,008,007	$1,008,007	$1,008,007	$1,008,007	$1,008,007
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	$106,636	$130,272	$154,224	$178,487	$203,054	$330,138	$463,205	$600,120	$871,598
DEBT COVERAGE RATIO	1.11	1.13	1.15	1.18	1.20	1.33	1.46	1.60	1.86

HTC ALLOCATION ANALYSIS - Parkwest Apartment Homes, Houston, MRB/HTC #060611

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	$2,700,000	$2,700,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,604,025	$1,604,025	$1,604,025	$1,604,025
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,633,322	$10,586,523	$10,633,322	$10,586,523
(4) Contractor Fees & General Requirements				
Contractor overhead	$244,747	$243,811	$244,747	$243,811
Contractor profit	$734,241	$731,433	$734,241	$731,433
General requirements	$734,241	$731,433	$734,241	$731,433
(5) Contingencies	$697,529	$609,527	$611,867	$609,527
(6) Eligible Indirect Fees	$902,089	$902,089	$902,089	$902,089
(7) Eligible Financing Fees	$1,151,500	$1,151,500	$1,151,500	$1,151,500
(8) All Ineligible Costs	$1,429,780	$1,429,780		
(9) Developer Fees			$2,492,405	
Developer overhead	$333,004	$331,207		$331,207
Developer fee	$2,273,619	$2,152,844		$2,152,844
(10) Development Reserves		$316,712		
TOTAL DEVELOPMENT COSTS	$23,438,097	$23,490,885	$19,108,437	$19,044,393

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		$19,108,437	$19,044,393
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$24,840,968	$24,757,711
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$24,840,968	$24,757,711
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$891,791	$888,802
Syndication Proceeds	**0.9643**	**$8,599,767**	**$8,570,944**
Total Tax Credits (Eligible Basis Method)		**$891,791**	**$888,802**
Syndication Proceeds		**$8,599,767**	**$8,570,944**
Requested Tax Credits		**$875,000**	
Syndication Proceeds		**$8,437,850**	
Gap of Syndication Proceeds Needed		**$8,438,097**	
Total Tax Credits (Gap Method)		**$875,026**	



TN
MN (4.0°E)

Scale 1 : 50,000
1" = 4,166.7 ft
Data Zoom 11-0

Applicant Evaluation

Project ID # **060611** Name: **Parkwest Apartment Homes** 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: 0

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 6/26/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (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	A. Martin	Reviewer	Sandy M. Garcia	Reviewer	David Burrell
Date	6 /20/2006	Date	6 /20/2006	Date	6 /24/2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	6 /21/2006	Date	6 /19/2006	Date	6 /27/2006

Executive Director: Michael Gerber **Executed:** Thursday, June 29, 2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Parkwest Apartment Homes

Public Hearing

Total Number Attended	67
Total Number Opposed	60
Total Number Supported	2
Total Number Neutral	5
Total Number that Spoke	19

Public Officials Letters Received

Opposition	3
State Representative Hubert Vo	
Alief ISD Superintendent	
Alief ISD President, Board of Trustees	
Support	0

General Public Letters and Emails Received

Opposition	20
Harris County Municipal Utility District	
S.A.V.E Alief, Inc.	
Alief Superneighborhood Council	
Parkglen West Community Improvement Assoc.	
West Bend Community Improvement Assoc.	
Former State Rep. Talmadge Heflin	
Support	1
Mission Bend United Methodist Church	

Summary of Public Comment

Overcrowding of area emergency rooms and hospitals
Excessive concentration of affordable housing developments in the area
Depreciating property values
Additional stress on community fire, police, and EMS departments
Traffic congestion along Highway 6 and the area surrounding the proposed site
Additional burden the proposed development will place on the Alief ISD

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PARKWEST APARTMENT HOMES

PUBLIC HEARING

Elsik High School
12601 High Star
Houston, Texas

May 31, 2006
6:10 p.m.

BEFORE:

TERESA MORALES, Multifamily Bond Administrator

I N D E X

P R O C E E D I N G S

MS. MORALES: And we'll get started this evening. Can everyone hear me okay? Yes? Okay.

To begin, my name is Teresa Morales and I'm with the Texas Department of Housing and Community Affairs. And I am here this evening to conduct a public hearing for the proposed Parkwest Apartment Homes, located here in Houston.

To give you some idea as to how we're going to proceed tonight, first I will give a presentation of the programs that the developer has applied for with TDHCA, then from there, the developer is here and he will give a brief presentation on the specifics of the proposed project, and then after that there is a speech that I have to read for IRS purposes.

It will be at the conclusion of that speech when those of you who have filled out a witness affirmation form, if you would like to speak, then I will call you up at that point, and you can make any comments that you have. I will just call you up and you can make your comments from the podium down here.

So to begin, there are a couple things that I wanted to first mention about the public hearings that TDHCA does.

First of all, according to IRS Code, the Department is only required to take public comment on the bond issuance, however TDHCA has extended this to take comment not only on the bond issuance but on the development itself.

I want you to know that we are not required to do this, but we want community input and we seek it. And that is one of the reasons why whenever we have a proposed project going up, we go where that development is located, and gather input from the individuals in the surrounding area.

One of the other things I wanted to mention is that TDHCA schedules the public hearings where the development is to be located and at a time and location that is convenient for the individuals in the surrounding community to come. Specifically, we hold them in the evening to where individuals can attend after they get off from work.

A couple of housekeeping issues: if I could remind everyone to please sign in at the back table. That is really the only way that we have of knowing and getting a firm number as to exactly how many individuals were present tonight.

I also wanted to mention that on the sign-in sheet there is a column to indicate whether you support or oppose this particular project. Again, please indicate whether you support or oppose. If neither box is checked, then we will just consider your attitude as being neutral.

What I wanted to do is just briefly explain the two programs that the applicant has applied for with TDHCA.

One is the Private Activity Bond Program, and the other is the Housing Tax Credit Program. Both of these programs were created by the federal government to encourage private industry to build quality housing that is affordable to individuals and families with lower than average incomes.

The first program, the Private Activity Bond Program, this program refers to the issuance of tax-exempt bonds. The tax-exemption is not an exemption of property tax, but rather an exemption to the purchaser of those bonds. The bond purchaser does not have to pay taxes on their investment and the income that they make on that investment. So that's where we get the connotation, "tax-exempt bond."

Again, it is unrelated to property taxes, and I can tell you that the proposed Parkwest Apartment Homes will be paying full property taxes.

The bond purchaser accepts a lower rate of return, and therefore the lender that is involved will charge a lower interest rate for the mortgage that will be placed on the property to the developer.

The other program that the developer has applied for with TDHCA is the Housing Tax Credit. This program was created as a result of the Tax Reform Act of 1986. The way the tax credit works is, again, it is an investment to the investor that purchases those tax credits. It is an IRS credit to the development. Again, it is unrelated to property taxes.

The Housing Tax Credit provides equity to the development, which allows the developer to provide lower rents to affordable tenants.

With both of these programs what you have is a tax benefit, and please keep in mind that the tax benefit is not going to the developer, it's going to the investors that help finance that particular project. This is what gives the developer the opportunity to bring something of high quality to your area.

And another thing worth mentioning is that all of the properties, affordable housing developments that TDHCA does, they are all privately owned and privately managed.

One of the other things that I wanted to mention about the affordable housing developments through TDHCA is that there are ongoing responsibilities between these developments and TDHCA, specifically as it relates to compliance monitoring.

There is a compliance period for -- that's attached to these developments that is for the greater of 30 years or as long as those bonds remain outstanding. So if those bonds remain outstanding for 40 years, then that particular property is on hook, if you will, with the State for that entire 40-year period. But it is a minimum of 30 years.

Some of the oversight responsibilities of TDHCA as it relates to these developments include, one of the things that we're looking for is to make sure that the units are occupied by eligible households, and what that means is we make sure that everyone who is living there is supposed to be living there.

We also monitor the physical appearance of the property, and make sure that that is being maintained.

One of the other things that we monitor for is to make sure that the rents are capped at the appropriate levels.

And finally we make sure that the repair reserve accounts are established and that they stay funded.

What happens with all of the affordable housing developments funded with bonds, or through the Private Activity Bond Program, is that the State requires that there are reserve accounts that are established and funded throughout the life of the property, and what that means is any future repairs or maintenance that has to be done to that particular property, that there will be funds to cover that.

That is a requirement not only for the State, but also the lenders that are involved. On each transaction they also require those reserve accounts as well.

Another thing that I wanted to mention has to do with tenant services. With all of the affordable housing developments that we have, specifically what happens is after lease up there is a survey that the developer will forward to all of the tenants to try to get a tenant profile, and try to determine what types of services those tenants would be interested in.

Some of those services can include tutoring or honor roll programs, computer access or educational classes, healthcare screening or immunizations for school children.

One of the other things that some developers offer is down-payment assistance classes. With the affordable housing developments that we have, we consider them, along with all multifamily housing, the first step to home ownership. And so what developers will sometimes offer is down-payment assistance classes to educate the tenants on what they would need to do to purchase their first home.

In terms of -- to back up a minute -- in terms of the compliance monitoring, I did want to mention that our properties, with the Private Activity Bond Program, they are monitored every two years by TDHCA staff. We do actually go out to all of these properties and inspect them at all of the requirements that I mentioned earlier.

That is an overview of the two programs that are at work here, the Housing Tax Credit Program and the Private Activity Bond Program.

With that, I am going to turn it over to Mr. Ken Cash, who is a manager of the general partners. He is here this evening to give you some specifics as it relates to the Parkwest Apartment Homes.

(Pause.)

MR. CASH: Parkwest Apartment Homes will be a

Class A-type project, with stone, stucco, and siding exterior on over 14 acres with extensive landscaping, landscape lighting, playgrounds. This will be a gated community with a community center, pool, exercise room, business center.

There will be available private garages, carports, balconies, washers and dryers in each unit available. Crown molding, granite countertops, and cultured marble vanities. Upgraded cabinets, carpet, and ceramic tile bath and shower enclosures.

The one-bedroom units will be $626 per month. A two-bedroom, two-bath, will be $760 a month. A three-bedroom, two-bath, will be $862 per month, and options available such as private garage, washers and dryers are available for $40 per month.

So a resident with a three-bedroom, two-bath apartment and a washer and dryer and single-car garage will be paying in the rage of $940 per month.

Thirty percent of the units in the project are one-bedroom, one-bath, and so the remaining 168 units will either be two- or three-bedroom. The majority will be two-bedroom, two-bath, apartments.

The reason why we originally selected this location was the proximity to the Westheimer Corridor, Highway 6, and Westpark Toll Road, the West Oaks Mall, and the services and amenities available in this area.

Directly to our east there's going -- in the process of being built, is a 340-acre park with a lake. It's part of the project Brays Eldridge Detention Basin.

Directly to our west, there's currently under construction another park, which will be consisting of playground facilities, soccer fields, baseball fields.

(Pause.)

MR. CASH: So our site is directly to the west of this new park that's going to be built, that has amphitheaters, walking trails, biking trails, there's some type of pavilions and playgrounds, restroom facilities.

Another reason why we selected this location was the proposed expansion of the Metro light rail that is proposed to come down the Westpark Toll Road, and will be coming right to the corner of our site.

So our location will be between two new parks, and directly across the street from a very nice community center, church, and children's academy called Mission Bend.

The market studies that we've had conducted for this area show the current occupancy in the area to be high, and other projects in the area, some of which are at

100 percent occupied, there are some vacancies in some existing apartments, and I think that if you would look throughout Harris County, that you would find that there's some vacant apartments throughout the entire county, and probably the state of Texas.

A recent market study that was performed for the Texas Department of Housing concluded that of all of the surrounding counties, including Harris County, Austin County, Chambers County, Montgomery County, the highest demand for new units was in the southwest region where this project is located.

Other parts, around Montgomery County and Intercontinental Airport, around Lake Houston, actually had a negative projected demand over the next four years.

This location here had a projected demand over the next four years of 4,300 units, and the conclusion also predicted that was because of, you know, people are moving into this area, the west, the southwest regions of Harris County.

And all the residents will be pre-qualified and pre-screened through the employment verification, rental history, criminal background, and income verification, and the reason why we selected this area is because it is a great location. It has a lot of amenities, it has a lot of positives. It's got visibility from the Westpark Toll Road and Highway 6.

The project will be built, maintained, and managed as it appears, like a Class-A project. And we are projected to pay property taxes in excess of $210,000 per year, and over a 30-year period of time this project is projected to pay over $12 million in property taxes.

The school district will be able to use the money from the income to the tax base to build additional schools. A new elementary school is currently being built directly around the corner from our site, which will help with the current demand for school facilities.

And the projected income in the tax base will allow the school district to plan to build additional facilities in the future.

At this time, I would like to turn over the presentation to the property manager. His name is Mike Clark, and he's with Alpha-Barnes.

MR. CLARK: I don't think I've ever been to one of these things where the PowerPoint presentation worked right.

My name is Mike Clark, I'm with Alpha-Barnes Real Estate Services out of Dallas. We are a property manager specializing in operation of affordable housing properties. We manage about 70 of these properties, totaling around 10,000 units across the state. Multiple properties in the Houston area, including in Sugar Land, Rosenberg, up north in several locations, so we're very used to this environment.

I'm not going to get into great detail about how we operate the properties. I'd much rather respond to questions from you as we get through this.

But I think what I'll tell you is that we realized it is very important that the clientele who live at this property while they meet the income requirements and the income restrictions, also meet the characteristics of the surrounding community.

We'll be screening very succinctly for criminal activity. Anybody with any history of crimes against persons, drugs, sex crimes, will be rejected for occupancy.

We screen for employment, we screen for ability to pay, we screen for prior landlord history. If you haven't paid your rent before, the odds are good you aren't going to pay it again.

We manage with a strong local presence. We use supportive services staff on the property, I believe in this case to be provided by Texas Interfaith Housing, one of the best providers in the state, to work with the kids after school, homework programs.

We actually have had instances on our properties where the school district has come to us and said they've been able to see an improved performance from the kids in the properties because of the after school programs.

We also believe, though, that you have to manage a piece of property like this: from a very strong perspective. You have to treat people with respect, but you have to make them abide by the lease and the requirements that they committed to.

And so with that we work very closely with everybody from the local police department to the justice of the peace, who we hope not to see very often, but sometimes we have to, and deal with those issues very directly and very succinctly.

I think that's a pretty good general overview. I think the income restrictions are an interesting question I might just touch on quickly. I will tell you that the -- as you know, the people targeted to live in this property are targeted to be at or below 60 percent of median income, which means -- and actually, I put these on my BlackBerry so I wouldn't give you incorrect numbers --

it actually means that a family of two could have an income of just below 30,000, and still be eligible, and a family of five or six, living in a three-bedroom unit, could have an income of around $40,000 a year and still be eligible.

We also use minimum incomes, which are not mandatory from an IRS perspective, but are mandatory from a good management perspective. I mean, if a person can't -- doesn't -- it doesn't do us any good to lease somebody a unit for $625 a month if they only make $900 a month. And so we typically take two-and-a-half to three times the rent as the minimum income, so the typical resident here will make between $20- and $22,000 and $40,000 a year because of our minimums and because of the caps on the rent.

The last point I'd make to you in terms of a presentation would be that the typical resident here, 40 percent of our residents, are going to have relatives within four miles of our property.

Most of them are going to work in the area surrounding us.

You're going to know some of them. We're not talking about introducing you to strangers. In fact, we're not even talking about any more, speaking on behalf of the apartment association groups, of leasing to anybody who's an evacuee.

The reality is, we're talking about people who work and live in your neighborhood. They're probably working at the hardware store, at Lowe's, they're probably working at McDonald's, they're probably working at places like that.

Some of them may even -- I hope they're not working at the school district. I hope the pay district -- the pay is so high that nobody qualifies. But odds are good some of them are working at the school district.

Little bit about the management operations. If there are questions that come up during the presentation, I will jump up and respond to them directly and give you straight answers on it.

So, I think that's it for me.

MS. MORALES: Thank you.

MR. CASH: I just wanted to briefly add one more comment regarding the income requirements of the residents.

After the first year, a family making over $42,000 a year will be able to make in excess of $56,000 a year and still be qualified to live here.

So we're not talking about people who just walk up, are looking for a free place to stay. In order for somebody to pay the type of rents that we're asking for, they're going to have to have a substantial income, and they're going to have to meet all of the income restrictions.

We're not -- this is the highest level of affordable housing, as far as rent restrictions go, that's available in this particular program.

And we'll turn it over, back to Teresa.

MS. MORALES: Thank you. The way that we are going to proceed from now is there is a brief speech that I have to read for IRS purposes.

For those of you who have submitted a witness affirmation form, it will be at the conclusion of that speech, I'll call you up, you can make whatever comments or questions that you have, and you can do so at the podium down below.

For those of you who have specific questions, what I would ask is, to ensure that everyone has the opportunity to speak, I'm going to be keeping a record of any questions that you have specific to TDHCA and the programs that we offer, and I have asked the applicant to do the same as it relates to the specific development and the property management.

So after everyone has made their comments up here, then I will go through all the questions and hopefully answer all of those that were raised.

So that being said, good evening, my name is Teresa Morales, and I would like to proceed with the public hearing.

Let the record show that it is 6:35 p.m., on Wednesday, May 31, 2006, and we are at the Elsik High School, located at 12601 High Star, in Houston, Texas.

I'm here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs, with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental community.

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

No decisions regarding the development will be made at this hearing. The Department's board is scheduled to meet to consider this transaction on July 13, 2006.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to our board at any of their meetings.

The Department's staff will also accept written comments from the public at up to 5:00 p.m. on June 30, 2006.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount of not to exceed $15 million, and taxable bonds, if necessary in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to Houston, 3601 Parkwest Apartments, LP, or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing, and equipping a multifamily rental housing community described as follows: a 252-unit multifamily residential rental development to be constructed on approximately 14.18 acres of land located at approximately 14601 block of Parkwest Central Drive, and west of the 3600 block of State Highway 6, 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 would now like to open the floor up for public comment.

First we have State Representative Hubert Vo.

MR. VO: Thank you, Ms. Morales. I just want to say that I'm not opposed to affordable housing, but I'm here today to speak in opposition to issuing tax-exempt bonds for this proposed project known as the Parkwest Apartments.

The schools that would be affected by Parkwest are beyond capacity at this time.

I understand that the Alief area has over 1,900 units of affordable housing now, and almost 700 of those are within a mile of the proposed project.

Because of that, I can't see how putting more students in these already overcrowded schools that can provide a proper education for our children.

This is the school district that is still trying to deal with all the challenges from taking in over 3,000 new students who fled from Katrina.

Secondly, I have met with the management at West Houston Hospital, and have learned of their problems of keeping up with the ever-increasing overcrowding in the emergency room.

Add to that, in this area we have no clinics to provide medical service.

Alief school district needs time to grow using the limited resources available to them.

The area needs new clinics and more hospital space.

As of now, there's insufficient public safety services in the area.

For the above reasons I ask you to deny the issuance of tax-exempt multifamily revenue bonds to this project.

Thank you very much.

MS. MORALES: Thank you. I just wanted to do a special thanks for you taking time out of your busy schedule to come and voice your concerns.

Next, we have Charles Woods.

MR. WOODS: Good evening. My name is Charles Woods, Assistant Superintendent of Technology and Support Services for Alief Independent School District.

I'm here tonight to speak in opposition to the proposed project.

I have a few tidbits of information that we manage. I, personally, work on the demographics for the school district and future boundaries for new campuses.

This is just an image of -- a GIS image of

Alief Independent School District and all the apartment complexes in existence already, and showing there in the yellow, on the west side, the proposed new project. There's over 90 apartment complexes in Alief.

Looking at the TDHCA web site Question & Answer about the criteria on why we approve or disapprove these types of projects, I point to that bulleted list. There's two particular points that apply to Alief.

One is, the geographic location. Two is the impact on the concentration of existing tax credit developments and other affordable housing developments in the specific markets and sub-markets, Alief being a sub-market that's different than the area around it, that surrounds it -- or anywhere else in the state.

But if you look at this diagram, you know, picture, this shows the Parkwest Apartment Homes there on Highway 6, and then you see up in the upper left the City Parc II and City Parc II complexes. They are within one mile, as well as Park Village, down in the lower right, that is within one mile. That, too, is a tax credit, TDHCA project that was approved in 1993.

You see that City Parc I has 168 units. City Parc II has 192 units. Park Village has 312 units, and we're proposing to add right in the middle another 352 units.

So these are the projects. City Parc I was granted by TDHCA in 2002, City Parc II in October of 2002, another 192 units, and of course Park Village in 1993.

In Park Village we have two-, three-, four-, and five-bedroom apartments.

The schools and enrollments in the capacities that was mentioned earlier, projected, this is to be in the current Rees zone.

We have Hearne Elementary in this area. Projection for next year is 1,105 students, with a capacity of 990.

Hicks Elementary just south of there has a projection of 1,340 students, with a capacity of 1,200.

Outley Elementary, 1,091, with a capacity of 850.

Petrosky Elementary, 871, with a capacity of just over that at 1,000.

Rees Elementary at 1,049, with a capacity of 968.

We're a total of just over 400 students above the capacity that we have in existence today. This is one of the reasons that we're building Elementary 24. The other reason is that this district wants a feeder system that feeds into middle schools and intermediates and has the best education for the students we have.

That's why we went to planning this in our bond referendum in 2003. We've had a bond referendum about every 5 years, and so I want to speak also to the timing in which this project hit.

Albright Middle School, 1,328 projected next year, capacity of 1,272.

Compare leasing rates, the development that's proposed has a $757 month leasing rate for a two-bedroom apartment. In calling around to some of the nearby complexes, we see that we have 425 units available right now between $590 and $1,129 a month. Well over 200 units between $590 and $640 a month, well below his price.

So we -- there are available units in Alief in a 1-1/2-mile radius of that project already, to saturate well over what he's building -- planning on building in that other complex.

We subscribe to a data service by O'Connor and Associates, and it's an apartment data service that I'm showing here the whole Houston market, and it's showing over the last two years that class A, B, C, and D apartments with an overall percentage occupancy rate, and as you can see, over the course of the last year, they're around 86-1/2 percent occupied across all of Houston.

If you compare that to the Alief area, the Alief sub-market, then we also have, in the last year we were in the 84 percent range. Typically Alief runs a couple points behind the Houston area metro.

So one of the things to point out is, on both these slides, the Houston area, as well as the Alief area, since the peak of Katrina and Rita occupancy, we've been on a decline.

We talked about population growth and job growth in southwest region. Southwest region may be other regions other than just the 36-1/2 square miles of Alief.

Looking at the apartments in Alief, the statistical summary, we have over 90 complexes. I want to show the bottom rank. The average market rent, a two-bedroom apartment, in Alief, is $678. His proposed price is $757.

So without all the restrictions, there are a plethora of apartments already available in the Alief area at less than what he's planning on charging. Some of them were built in recent years, and were TDHCA projects.

To look at the time line, like I said, we started working on a bond referendum in 2002, the 2003 bond referendum, Mr. Cash brought the first notice to us on February 2 of this year. Three months ago.

We issued a letter back to TDHCA, met with Mr. Cash and explained our issues about the project and its location, the fact that we're not against tax-credit apartments or low income apartments, and then here we are at a hearing tonight.

So we've had about a three-month window to work on this project, whereas we've been planning for years ahead.

We have 252 new vacancies in this proposed project. Twenty -- I called these complexes, 20 vacant at City Parc I, 49 vacant at City Parc II, 41 vacant at Park Village. Sierra Pines, which is not a tax-credit complex, is just up the street from Park Village, has 160 vacant. Thirty to 40 vacant just in that same block at City Parc I and II. Thirty vacant in West Field Apartments. Thirty vacant just north of this complex.

Other TDHCA projects in Alief, and I point these out to show you that they're -- every apartment complex on that list, these are the ones that have been approved to date, Alief did not oppose, as a school district.

We didn't oppose City Parc I, we didn't oppose City Parc II, we didn't oppose Matthew Ridge, Soverham [phonetic], Collingham [phonetic], Park Village.

In fact, we try to build them into our building schedules.

So here's a complex that we're talking about in three months. We haven't had a chance to work with the developer on a long-term plan to help make their tax money work the best for the district.

To compare your data with census data, we looked at the square mileage of Harris County, Alief ISD, Fort Bend County, and the City of Houston. The total number of TDHCA low-income tax-credit units in those areas, and calculated the units per square mile.

And it's showing that Alief ISD has 56 units per square mile. Compare that to the City of Houston only has 38. Compare that to Harris County overall: 14-1/2 units per square mile. Compare that to Fort Bend County, which is where a lot of growth and jobs are happening, 1.1 per square mile.

So I think we're being targeted for an area that for other reasons other than economic development and jobs.

So in summary, planning and district involvement should begin earlier. Funding considerations for facilities is not just an IRS cost; we all pay income tax and we have a vested interest in how those tax dollars are spent, but it's also a local cost of building schools, and like Mr. Vo said, for local facilities for the folks.

Market is saturated with affordable housing. We've proven that the occupancy is on the decline, not an incline, in Alief. We are a sub-market, and I hope you take it into consideration in 2306, the government code, the TDHCA was developed to help local governments facilitate this change, to help low-income housing.

I hope you can see that we have opposed some complexes in the past. But it's always been about location, timing, and planning. We're not against low-income housing. Thank you.

MS. MORALES: Next I have the Superintendent of AISD. And if I could, sir, please, have you state your name for the record? It wasn't written on the form.

For those of us not in the area.

MR. STOERNER: My name is Louis Stoerner. I am the Superintendent of the Alief school district, and that's a very hard act to follow as far as Mr. Woods.

And just to reiterate a few of his points, we are not against affordable housing. Seventy percent of our students are classified as economically disadvantaged. We're not against apartments. Fifty percent of our students reside in apartment complexes.

So the idea that we're opposed to low-income housing or high-density housing is not the case.

We would love to see, where we saw requests last month, for some folks to come in and begin renovating some of these complexes that were constructed 30 and 40 years ago.

I would also ask, as far as in the monitoring, Park Village Apartments that you mentioned, please drive by that complex on your way back to Austin. Boarded up windows. It is hard to believe that we're having biannual inspections of some of these properties.

But as I said, we're not opposed. All the points that Mr. Woods brought out. But the district is -- we would like to voice opposition to this specific project.

MS. MORALES: Thank you.

Next I have Mr. Robert Kendrick.

MR. KENDRICK: My name is Robert Kendrick, and I am Harris County Commissioner Steve Radack's Superintendent. Commissioner Radack is the County official for Precinct 3, and this project and Alief ISD are located in Precinct 3.

The Commissioner wanted me to be here tonight to express his opposition to this project, for many of the reasons that Representative Vo and members of the school district have expressed already, and I won't repeat those.

I would like to share with you some thoughts and concerns that we have as a matter of public policy related to the issuance of bonds and the use of that government incentive to encourage projects like this.

As a general public policy, Harris County Commissioner's Court is on record and in fact supports acquisition and the building of affordable housing projects. We have the Harris County Housing Finance Corporation and the Harris County Housing Authority that are quasi-government entities that are specifically charged with seeking out and encouraging those opportunities, much like TDHCA does.

But the question really is, we want to provide those government incentives where it's appropriate. And this project has got a number of problems that raised enough concerns that the Commissioner has decided to oppose the project, and urge TDHCA to not issue the bond.

Part of the problem is, Harris County government has a concentration policy in place. If we were looking at this from our own perspective, strictly from our own perspective, we would want to encourage affordable housing, but the policy that Harris County adopted wants to discourage a disproportionate number of those projects being concentrated in the same area.

And that's similar to the same standards that TDHCA itself has when it reviews bonds.

When you analyze this specific area, not a region, but this specific area, frankly, Alief has done its fair share.

And Alief has -- and frankly the school district leadership has been very responsible -- and we've worked with them in the past -- in understanding their obligation to educate whatever children come into their area.

The question becomes, though, do we as a matter of public policy, through TDHCA, encourage and provide an incentive for a project in the area that is already saturated with projects, and will have an adverse impact because of its geographic location and the existence of other projects.

And frankly, we don't think that the business case has been made that there would be an overwhelming need for this kind of project, in light of the concentration of similar kinds of taxpayer-incentivized projects in the area.

We would like to go ahead and potentially supplement my remarks with written remarks that the Commissioner may decide to send to you, but we want to encourage affordable housing. We appreciate responsible developers. We've supported responsible developers in the past. We appreciate that this developer stepped forward.

But this is the wrong project in the wrong location, and we urge that you oppose it.

MS. MORALES: Thank you. Next I have John Steiger.

MR. STEIGER: Good evening. I'm John Steiger. I'm President of the Mission Bend Civic Association. I represent over 1,500 homeowners in the Mission Bend area.

We are not opposed to new development per se, but I have concerns about a new apartment complex project going into the area.

We have many apartments now. We wouldn't have as many vacancies now if it wasn't for a hurricane last year. We'd have tons of vacancies now.

But we -- our crime, if anybody's familiar with the Mission Bend area, you know, we've had plenty of robberies this past year. We -- our association pays well over $200,000 a year for extra security: four deputies to patrol our area.

They talked about it being a gated community. You'd be hard pressed to find an apartment complex in our area that -- what is a gated community? Gates are open, no security. It just goes by the wayside.

I don't know what their track record is for other properties that they have. I love to see what their track record is.

But in general, we love new development in our area, I would just hate to see new -- if they're low-income, it's usually associated with people who don't have money. And associated with crime. Now, whether that's true or not, I don't know.

But I would like to have some more assurances of what's going to happen with this complex, before they come in, and see what kind of track record they have.

But at this moment I don't feel we need more affordable housing in the Alief area. We have housing now. We have homes that are on the market that need to be sold. Rental homes. Apartments that need to be renovated. There's plenty of housing in Alief, it just needs to be taken advantage of. Thank you.

MS. MORALES: Next I have Lewis Drake Sharp.

MR. SHARP: My name is Drake Sharp, and I'm the Principal of Howard Hicks Elementary, which is a pre-K through fourth grade campus located in Alief ISD. Our campus is located of Beechnut near Hall Sugar Land Road and Highway 6, and I oppose the Parkwest Apartment Home Complex.

In the seven years I have been principal of Hicks Elementary, it's had the largest student enrollment of any elementary campus, and in fact during the past four school years, only the three comprehensive high schools and one middle school in Alief have had larger enrollments.

Last year we were projected to have 1,050 students. We opened our doors with 1,152 students, and ended the school year with 1,265.

Next year we're projected to have 1,376. It was on there at 1,340 but Charles left off our special education students that are self-contained, so it's really 1,376.

For the past four school years, Alief has rezoned our campus three different times, but the tremendous amount of building in the Hicks attendance zone in our school -- because of that, our student numbers continue to rise.

In addition to the rezoning, the District has added an eight classroom wing two years ago to help with that, but we still continue to have a large enrollment.

And even though we are the largest elementary of all the other -- but all the other elementary schools in our zone -- around our zone are also filled to capacity, and indeed all the elementary campuses in Alief ISD located west of Senate [phonetic] are facing large growth patterns.

And Alief ISD's goal is to reduce the number of students at an elementary campus to 1,000 or less. And Hicks Elementary was to see a reduction in student numbers as new schools built using funds from the 2003 bond election were used and opened, but unfortunately the bond proposal did not take into account a complex the size of Parkwest Apartment Homes.

The Parkwest Apartment Homes development is not currently in our attendance zone, however its construction and the addition of up to 200 additional students or more will affect Alief ISD's ability to provide relief to already overcrowded campuses like our own.

If this project opens as scheduled, all Alief ISD elementary schools in the west side will continue to be stretched to their capacity with enrollments far exceeding the buildings' capacities.

In order to accommodate 1,376 students for the next school year, our campus will have five portables, which translates into ten classrooms outside the building. If our school enrollment continues to rise, it would mean the addition of even more portables.

And although we add classroom space with the addition of portables, our cafeteria, library, and gymnasium do not get any bigger. We do not add more bathrooms. We still have one computer lab, one nurse, one counselor, one registrar, et cetera.

You know -- sorry, I got mixed up here. As we look at it, the staff of Howard Hicks Elementary works hard to provide a sound and strong academic program for each student. We care about our students and we want the best for each and every one.

And my concern is that as our enrollment continues to increase, our school and staff will be stretched to the point where we will not be able to provide support -- to support our students in the way they need to be supported. Thanks.

MS. MORALES: Next I have Donald Ellis.

MR. ELLIS: Thank you and my name is Don Ellis.

First of all, I'd like to just state that I'm opposed to the development, and more or less what I have is a series of questions for you all and the developers.

You mentioned that you would have criminal background checks on those who rent the apartments. Does this include the juveniles that would also be living in? You know, the teenagers and such. And will you be doing periodic checks on these people to make sure that they don't develop or have a criminal record thereafter?

The second question I have is, you talked about this not being Section 8 housing. Is there any possibility that sometime down the road these could be converted to Section 8?

Also, you all talked about your management, and what's the possibilities of someday changing management? Many times apartment complexes change managements, and, I mean, what you tell us is nice, but a few years down the road, let's say you switched management. What happens then?

Also, for this complex, I noticed that people really haven't addressed the traffic patterns. Right now the traffic at Highway 6 and West Park is horrendous. To add this much more, you know, down there, is there going to be any kind of improvement in the roads, traffic signals and such?

And is there going to be any kind of increased security? Is the Sheriff's Department going to have more patrols? You know, is the State going to chip in any money to, you know, provide this or are we going to have basically a status quo?

Also, I've noticed in talking, you all, it sounds like this is a done deal, so my main question is, Is this a done deal? Is there any way this is going to be changed? Generally speaking people go, "This is" or "this will be," like we're just kind of wasting our time here. So I'm, you know, curious: Is this a done deal? Will there -- is there a possibility that this will -- our opposition will be heard and it won't happen?

And then finally, my last question is the impact on homeowners as far as school taxes. Obviously those who live in apartment complexes do not pay ISD taxes. We do, so adding so many students is going to increase our school taxes.

That's my questions. I appreciate it.

MS. MORALES: Next we have Gary Gassmann.

MR. GASSMANN: Hello, I'm Gary Gassmann. For those who don't know me, I am the President of Harris County 120. I'm also here, also representing Dave Fugi [phonetic], who is President of Harris County 147.

The big question we had, you say that it is now taxable property, or will have property taxes on these locations, but what will happen two or three years down the road? Will they switch from being taxable property to non-taxable?

I think they're allowed to do that, and I don't think there's anything to stop them from that.

If that does happen, the individuals around, their taxes will go up. Plus with the increase of people and the low-income, will there be more maintenance that we will have to maintain due to vandalism? I know we've got a new park going in, and just the other day they had somebody come in and spray paint all the signs, and it's, you know, this is a thing we worry about.

That's all I've got. Thank you.

MS. MORALES: Next I have Janine Hoke.

MS. HOKE: My name is Janine Hoke and I'm the Principal at Miller Intermediate School in Alief ISD for grades five and six, on the west side of Highway 6 at the intersection of Green Crest [phonetic] and West Park.

I want you to please understand that I definitely concur with the District's opinion that we invite and have accommodated affordable housing forever. I've been in this district for 21 years, and I've never known of any opposition, ever.

Alief has been very gracious to support it. It has been very taxing on every school. I was Principal at Hearne Elementary, where Park Village Apartments is, and I walked that walk for seven years, and I listened to those guys tell me that there were going to be computers, help with homework, points for participating in parent conferences, none of which came to fruition. None.

Obviously, I'm speaking in opposition of Parkwest.

Currently Miller Intermediate services three tax-credit apartment complexes: Matthew Ridge, City Parc I and City Parc II. We do very well academically, but it takes everything that we have to get these kids where they need to be.

Park Village is a massive tax-credit apartment complex currently not in the Miller zone; it has been in the Miller zone before. Every year boundary studies occur. Park Village could come back to Miller Intermediate at the drop of a hat.

If Parkwest is built in our area, Parkwest would make four, if Park Village comes back, that means Miller Intermediate serves five tax-credit apartment complexes, and I don't think that's reasonable. For the kids.

Accepting another tax credit apartment complex is going to lead to overcrowding at Miller Intermediate. It is true that they are building a new elementary catty-corner to Miller Intermediate. That's fine. That will assist with the elementary.

But then you have to realize, those schools go to pre-K to four. We are five and six. We take in all of the elementary 5th and 6th graders. There are no plans for accommodation for Miller Intermediate, and we have already had an eight classroom addition put on the campus last year. That would put us way over the edge.

Safety issues would be of the utmost concern. We would be over capacity in our cafeteria. At breakfast and lunch, we already start breakfast at 10:15, we do not end until 1:30. I don't think -- I think I can speak on behalf of the parents that a lot of them don't appreciate their kids going at the very early part of the day or the very end part of the day. It's not good for academic achievement.

Also, putting that many kids in a hallway does not meet the rigorous fire codes for the City, for the District, and for Harris County.

You also have to remember that's going to put student/teacher ratios up to 27 and 28, in many cases, to one teacher, for students with excessive academic needs.

Alief and Miller Intermediate will never compromise on giving the best education for every kid that comes across our doorstep. That is our job, to ensure that every student is a success, from the time that they come till the time that they leave, good instruction always.

We are required to do numerous academic interventions at grade 5 and grade 6. Our job at Miller Intermediate in grade 5 is to prevent retentions, because of the No Child Left Behind and the Student Success Initiative. Every child at grade 5 must pass Reading and Math TAKS, then must pass all of their core subjects, or they are retained. Very rigorous standards.

We get another apartment complex with that many students, it is going to impact our retention rate and then we're going to be massively overcrowded in the fifth grade, which means more pressure for those kids to come out of a retention situation, with strained personnel to help meet the kids' needs for the interventions.

You have to realize that when kids are retained in 5th grade, that is going to domino. It is my job at Miller to see the district in a global fashion. If a child is retained at an intermediate or elementary level, the chances of them dropping out of high school increase by over 50 percent.

It is my job to ensure that those kids are ready academically to go on to 7th grade, because if they're not, the chance of them dropping out will be up. It's a serious problem in high school.

Mr. Sharp already addressed how it affects the facilities, the restrooms and cafeterias.

We're committed to keeping up the rigorous standards for the Alief Independent School District and for Miller Intermediate.

As Mr. Sharp said, it is our goal to keep every intermediate and every elementary at 1,000 or lower. If we put in this complex, that's not going to happen.

You have to remember, we didn't ask for No Child Left Behind, but it's here, and it's what's right for kids. What is not right for kids is overcrowding. We will be stretched to the Nth degree with these interventions and we will not -- we're going to have to look at a quality versus a quantity issue.

And like I said, our job is to have 100 percent commitment to helping students pass every single year so they can go on to the next grade level, so they can be productive members of society.

Just once again I'd like to reiterate, I'm opposed. It's going to cause a huge strain academically in the Alief Independent School District, particularly at Miller and the surrounding schools.

Thank you.

MS. MORALES: Next I have Sarah Winkler.

MS. WINKLER: My name is Sarah Winkler and I'm President of AISD Board of Trustees, and I'm here to speak in opposition to the Parkwest apartment complex.

I do also want to say the District is not opposed to affordable housing. There have been many complexes built in Alief we have not opposed.

I mentor students. I know there is a need in our community for affordable housing. I feel that we have the housing available.

It's our job at the Board of Trustees to make sure that all of our campuses have the resources they need to be successful. This is not a complex we'd planned for. It will interfere with the ability of the District to supply the resources these campuses need, so the students can be successful, as these principals have said.

And as I said, that's our job, at the Board of Trustees, and I don't feel that we can provide the resources that all these students need if we have another complex built at this time.

And so I don't want to go on and repeat what other people have said, so I'm going to leave it at that.

Thanks.

MS. MORALES: Thank you very much for your time.

Next I have Daniel Hrna.

MR. HRNA: Thank you. My name is Daniel Hrna, and I am Chairman of the Alief Super Neighborhood Council 25. The Alief Super Neighborhood Council represents about 118,000 citizens in this area, in what we call the Alief area.

It is not opposed to affordable housing. However, because of the population density and our thrust to rebuild infrastructure, which began about eight years ago with Save Alief, we have finally made some inroads.

And what's happening is -- and I'd like to dispel some of the myths that one of the speakers gave out.

Healthcare. There are two emergency rooms, and they're outside of the Alief area. One of them is working at full capacity. The second one has had to shut down half of its ER beds because they can no longer afford to keep them operating.

We have one voluntary health clinic, and we have one part-time clinic out here. There are no health facilities at this present time to take care of these 1,000 to 1,500 people that will probably be residents of this unit.

Save Alief has a health fair of which some 2,000 people take advantage for their annual medical care, once a year. We also have our food pantries are running to the top maximum. Notre Dame Catholic Church, a small Catholic church on Boone Road, serves 8- to 10,000 people a year, by their food pantry. That's how much food is necessary to keep the people in Alief fed, that are in substandard housing at this time.

We are talking about population density because according to the City of Houston there are 164 defined apartment complexes in the Alief Super Neighborhood area.

And last two years, five more were under construction or built, so a total of 169, which makes it the highest population density in Harris County and Houston, Texas; in fact, anywhere in Texas at this time.

Our fire and police are operating to the hilt. The personnel at West Side Station have had to be increased by 23 percent to take care of the problems in Districts 17, 18, and 19.

There was talking about a great location based on demand. There may be demand, but there are just not the facilities or infrastructure to maintain that demand.

For example, West Park Toll Way was taunted. West Park Toll Way beginning at 7:00 in the morning till about 10:00 in the morning is gridlocked every morning, except weekends. And outbound, in the afternoon, beginning from 2:00, you go about 5 or 6 miles per hour to get down West Park Toll Way.

We have Beechnut, which is gridlocked, Bissonett almost at gridlock, and Bellaire sometimes is passable. These streets cannot handle any more traffic.

We have attempted, through the city council and through Harris County to remedy these situations and these solutions. It will take a lot of work. But adding this much to our basis would definitely reduce the quality of life that we try to establish here.

And so we ask that the TDHCA not issue the bonds pending further study, until these infrastructure problems can be properly addressed and resolved.

The other thing was, there was taunting about parks. Alief is park poor. There are about seven total parks. And they serve a population of 118,000 people. And the proposed parks -- and the speaker never did address -- how many acres -- 5 or 6 acres of parkland are they going to put in within the complex which is necessary for this many people.

Thank you for your attendance.

MS. MORALES: Thank you. Next I have Donald Ridenour. And after that I have Steve Fowler, if you want to get ready.

MR. RIDENOUR: My name's Don Ridenour. I am a Commissioner on the ESD 100, Emergency Services District 100. I'm here to oppose the Parkwest development. I cannot say a whole lot more that the people already have said here, but I would like to ask you maybe a question.

It appears you've already laid almost 1,000 foot of six- or eight-inch water line going to that property right now. It appears like this is a slam dunk already, without all this opposition that you're listening to.

I'd like to have that -- the answer to that question. Same as Mr. Ellis'. Thank you.

MS. MORALES: Steve Fowler.

MR. FOWLER: Yes, ma'am. My name is Steve Fowler. I'm the Fire Chief with Community Volunteer Fire Department.

Community Volunteer Fire Department's been in existence about 30 years. We serve an estimated population base of about 120,000 people.

Our area includes portions of Harris and Fort Bend County. Our mission is simple: we provide fire suppression, rescue, and emergency medical services.

In looking at the visual presented tonight on the screen and handed out, there were some 12 projects that were listed as other TDHCA projects in our area. One half of these, perhaps seven soon, are listed in the fire protection district that I represent. These are, in our vernacular, the "frequent flyer" points.

These are part of the reason West Houston Medical Center has them hanging from the rafters, and we're taking them there, along with the City of Houston Fire Department.

Quite often, this hospital is on diversion. Diversion is a simple term that means, Please bring us no one else. We're full.

Too many times we pick up folks that are in serious medical crisis through our EMS program. These people don't have the additional time to go to Methodist Sugar Land or to Memorial Southwest. We have no choice but take them into West Houston Medical Center.

This situation is growing seriously more unsafe by the moment. My question is, When is enough, enough?

There is no comparison between the City of Houston Fire Department. It's the third busiest fire department in America, the fourth largest in the United States.

I noticed that the city of Houston has 38.13 units per square mile. The Alief area of which we have half of these, slightly over if perhaps we see another one, is going to have something greater than perhaps 60 percent -- or 60 units per square mile.

I think we've done our part. I'm speaking for every member of this fire department, asking people to please seriously consider sharing the wealth.

MS. MORALES: Next I have Kim Winans, and after that Jean-Marie Jones.

MS. WINANS: Hi, I'm Kim Winans, the Principal of Rees Elementary School, and I, too, am here to voice my opposition to this project. But my opposition and my responsibility is to the education of elementary-aged children, and from all the points I've heard this evening and notes I've taken beyond that which I came this evening, suggest to me that in looking at what's best for children in the long run, not only the housing that they could live in but the future of their education, it does not appear to me that this would be in their best interest.

The Alief Independent School District has a motto that we all share. I'm kind of surprised Dr. Stoerner didn't share it with you. I didn't know he went public without sharing it.

But that is, "Caring for students today, preparing them for tomorrow." And I honor the effort of what you all intend by providing affordable housing. That's a great step. Ours is to give them the education that will provide them a great tomorrow. And I'm not sure that the issue of the saturation we've heard repeatedly this evening is suggestive of the great tomorrow that we want to provide.

Another thing that we take a lot of pride in as Alief educators is the diverse population we serve. And when we talk about diversity, we are -- maybe once upon a time we were talking about racial diversity, ethnic diversity, and certainly socioeconomic diversity.

One of the best predictors of students' success is looking at socioeconomic issues, and unfortunately, in that picture, low socioeconomic populations tend to be the populations that have the most difficulty in the educational process.

If you look at the history of educational evolution in our country, and if you look at the issue of integration and segregation, then again, once upon a time, I think people would view that as a racial issue, but currently the much more important issue is the socioeconomic issue. Again, you want to figure out where your exemplary schools are, look at the socioeconomics. You want to look at where schools are struggling, look again at the socioeconomics.

I'm very proud of Rees Elementary. We're a Recognized campus, and in the state of Texas, that's something that we should be proud of.

We are now serving the students from City Parc I and City Parc II, and maintain that kind of status.

I would add the fact that any extra support services that are given to our children are given because of the benefits from the Alief Independent School District. We do not have -- we're not seeing any type of tutorial programs coming out of these apartment complexes.

So the performance that we are seeing from our children is very largely from the performance of the professional staff that we have at Rees, and I commend them in all that they do day in and day out.

But I'm very concerned with oversaturating that population with children from -- who are in need of affordable housing.

We're currently over capacity, so obviously the picture I get is, Where will these children go? And we don't have to talk facilities issues any more, so I wanted to stick primarily to my concern that can we possibly provide the education that's necessary, and we want to maintain an integrated community and the benefits that an integrated community provides, which a third affordable-housing complex going to one elementary school unlikely can provide.

So I appreciate the issues that have been brought forward and as many in this room I think that possibly all of us in this room are out for the better of all human beings. We probably fundamentally have the same goal in mind, but I think if yours is to look at providing housing, ours is to provide that future that can only be earned through education. I don't think it can be achieved by putting this project in the location you're suggesting.

Thank you.

MS. MORALES: Next we have Jean-Marie Jones, and after that Walter, and I'm sorry but I cannot read your last name.

MR. JACKSON: Jackson.

MS. MORALES: Jackson, okay.

MS. JONES: Hi, I'm Jean-Marie Jones. I'm the Property Manager for City Parc I and City Parc II. I've been in property management for close to 30 years -- I guess that tells my age -- both in Las Vegas, Nevada, and here in Houston.

I don't think in all of my born days have I ever seen as many children that get off of the school buses in all my life.

I personally don't know how any more children can move into this area, number one, and number two, I don't know how the area can afford another affordable housing tax-credit property, simply because our occupancy is going down daily.

And as the children go back to New Orleans, and the only type of walk-ins we're getting off the street right now are basically our Section 8 people, which are wonderful, because the rent is definitely paid, and we are having a considerable amount of problems with our children right now.

We've had to hire a full-time sheriff just to keep them out of our stairways, our walkways, keep them busy. We do have problems with keeping the kids off the fences and in other people's swimming pools.

We're going to be offering summer programs for them this summer, but that doesn't keep them occupied 24 hours a day.

I oppose this.

MS. MORALES: Walter Jackson, and after that Rhonda Austin.

MR. JACKSON: Good evening, I'm Walter Jackson, and I'm the Principal of Jack Albright Middle School.

And I'd first like to say that I certainly echo the sentiments of my colleagues this evening.

Our motto at Albright Middle School is, "Failure is not an option." And I'd like to just start out by saying first of all Albright has undergone a major population explosion over the past few years.

Historically our fall enrollment has been larger than our spring enrollment, and this is probably due to our high mobility rate.

However, over the past few years, our August enrollment has approximately been 1,300 plus students. This last school year our numbers increased to nearly 1,400 students, and this is of course due to hurricanes Katrina and Rita evacuees coming in.

Albright currently serves the Mission Bend subdivision and several other neighborhoods. In addition to these homes, Albright receives students from City Parc I, City Parc II, and Matthew Ridge. And I believe all of these are subsidized housing apartments.

Frankly speaking, our campus just cannot safely accommodate additional students at this time. Our campus is safe, but it is certainly crowded.

This past year, in an effort to make sure that all 1,350 plus students have ample time to eat lunch, we increased our number of lunch periods from six to seven lunch periods. Our lunch periods began at 10:12 and ran through 1:00.

We at Albright pride ourselves with serving the students of our beloved community. Educating students certainly is our number one priority. Our staff is dedicated to ensuring that all students receive an exemplary education on our campus, and the successes we've achieved do not come easy.

Operating and maintaining an effective school is a demanding and certainly a daunting task. It takes a dedicated staff, which we have. Dedicated parents, we have. A dedicated community, we certainly have, that is committed to helping us to achieve this excellence at all levels.

Research studies have shown that high student enrollment and large class sizes do not help to promote high student achievement.

As I started out saying, Failure is not an option is our school motto, but you have an option. We respectfully oppose your building this apartment complex.

MS. MORALES: Rhonda Austin, and after that I have Bertram Garner.

MS. AUSTIN: Good evening, I'm Rhonda Austin, President of the Homeowners' Association for the Clayton Woods community. I would like to put on record that we do oppose the development of this project.

All of the folks who have gone before me have voiced all of our concerns quite well.

Being a parent, I can definitely empathize with the instructors and the educators here. We don't want to have any of our children left behind as a result, and education is a very high priority in this area.

So we would like to go on record that we oppose.

Thank you.

MS. MORALES: Thank you. Bertram Garner? Are you still? Okay. And after that, Michelle Luster.

MR. GARNER: All right. My name is Bertram Garner. I'm the Vice-President of Clayton Woods subdivision, and I also would like to go on record as opposing the project.

Again, I'm glad to see that the school board come out to give us numbers on why we really need not build this complex, and hopefully, you know, you have a listening ear to what we're trying to say, and have not made a decision at this point to do this, so again, I'd like to again say that we're opposed to it, that we don't want to have this here.

Thank you.

MS. MORALES: Thank you. And last is Michelle Luster.

MS. LUSTER: Hi, good evening. I am a teacher in Alief ISD, but I'm also a parent and homeowner, and I'm a member of the Wingate Homeowners' Association Board of Directors, and at this time I would like to let you know that we do oppose the building of this complex.

We are directly across from City Parc I and II at this time, and we are the communities that are suffering from the children coming over, like the property management spoke earlier saying that they were trying to -- having problems, having sheriffs get them out of our community.

We're an under -- how do I say -- we have below funding to help with that project of getting them out. We are in Alief. We are not in Houston. So we suffer a double whammy because we're in Harris County. We don't get HPD assistance for that.

Our children are suffering at these schools that are over, you know, crowded. Even though they're fantastic schools. I work -- I'm honored to work under Dr. Jackson at Albright, and I know every day what they go through.

But our homeowners' association is opposed to this because we do not foresee our community continuing to increase and be a rich, living environment when we're constantly fighting the things that come, unfortunately, sometimes with underpriviledged or low-income housing, and, again, we are opposed to this.

Thank you.

MS. MORALES: Thank you.

Are there any other individuals here who would like to speak and make public comment?

(No response.)

MS. MORALES: Okay, with that being said, I would like to adjourn the public hearing, and the time is now 7:34.

It will be at this point that any questions that were raised, I was keeping a list and as it relates to TDHCA and our programs I will answer those questions, and I have also advised that the -- that Mr. Cash keep a record of any questions as it relates to the development, and he will answer those questions.

First of all, as it relates to concentration issues, that there were issues raised with several other affordable housing developments located in close proximity to this proposed one.

One of the policies that TDHCA has is what's called a one-mile, three-year rule. What that means is that if an applicant is proposing a particular project that is located within one mile of another tax credit property, that was awarded tax credits within the last three years, that applicant is required to contact the local municipality to get what is called a resolution.

Again, that's the applicant's responsibility. If that resolution is not obtained, then under the guidelines of the tax credit program, he cannot proceed.

So if any of those proposed developments were -- did receive an allocation of tax credits within three years, then that is one of the requirements that the applicant will have to meet.

Also as it relates to concentration issues, I can tell you that specifically in the Houston area, that is something that our Board is very well aware of.

One of the things that we do is in our board package that we present to the Board each month with every proposed application that we get, we actually map out where that development is, and identify what local housing developments are located within that area.

So the Board does know what the concentration is like, surrounding this particular project.

Another question that was asked is as it relates to the timing, and not, I guess, not having enough time to meet with the developer and how this whole process is laid out.

The way the Private Activity Bond Program works is it is actually governed by the Texas Bond Review Board. They're the ones that actually administer our program.

One of the requirements, or the way the program works, is a reservation of bonds is issued, and from the date that that reservation gets issued, that developer has 150 days to close on those bonds.

What we do is, once the applicant, once that reservation gets issued is when the clock starts ticking. Once they submit an application to us is when we proceed to have the public hearings.

So we're in, right now, that 150-day window.

In terms of, you know, one of the things that we do is we do encourage, you know, each developer to meet with any neighborhood associations in the area. We encourage them to meet with all of the local elected officials. We encourage them to meet with the school district. But keep in mind that we do not determine that time line. It's their responsibility to get the ball rolling and do some outreach and get the local communities involved.

But in terms of a timing, you know, we have that 150-day time period -- the applicant does -- in which to close.

And so that's why we're having the public hearing at this particular time and not in the future or in the past.

In terms of another question that was raised is encouraging acquisition and rehabilitation, namely, you know, you have several other properties within the area that are, you know, 30 years old, and you want to see those rehabilitated.

I can tell you that that is a concern of the Board as well. I have been at board meetings where they have -- our board members have put the development community on notice in the Houston area, as well as in the Dallas area, because they are aware of the concentration issues, that, you know, why not go ahead and fix what is already out there. I can tell you that that is a concern of theirs.

Keep in mind that TDHCA does not select these sites. We do not tell the developers where to go. We do not, you know, we do not have a say in any of that. They're the ones who present the applications to us, and looking at what they're looking at building, whether it's new construction or acquisition and rehab.

But I can tell you that that is a concern that our board has stated numerous times, as it relates to concentration issues, and putting more affordable housing on the ground.

Another question that was raised has to do with the crime rate. We also, when conducting these public hearings, we also get concerns about property values, crime rates, how it relates to the community, and stress on the school districts.

One of the things that I can do is just point you to our web site and there is a link of neighborhood resources, and there are actually studies that have been commissioned that actually address those concerns, namely how does affordable housing affect property values? How does affordable housing in a particular area affect crime?

I will tell you that those studies are not, in any way, they do not in any way have anything to do, or they're not affiliated with TDHCA. They're studies that were done by colleges and universities that we have just researched and put on our web site for the community use.

Again, TDHCA is not involved in them, they're just studies that we found, so you're more than welcome to access that, and I'll be more than happy to walk you through our web site. Some of it can be kind of confusing if any of you would like to know specifically where those are.

As far as the criminal background checks, I will let Mr. Cash acknowledge it: It's the developer's responsibility to set forth whatever policy he's going to have as it relates to criminal background checks and credit history and paying and stuff like that. That's not a TDHCA policy, and that is merely the responsibility of the applicant.

As far as Section 8, yes the handout does say that these are not Section 8 properties. When we say, "Section 8 properties," what we are referring to are properties that are owned and operated by HUD, by the federal government. Again, I would like to reiterate that these are not HUD properties. These are properties that are privately owned, privately managed.

With any affordable housing development you can have individuals with Section 8 vouchers live there. That is not something that is specific to affordable housing developments. If you have a market-rate property, you can also have someone with a Section 8 voucher show up and want to rent at a market-rate property. And it would be against Fair Housing Law to deny that person the right to live there.

So with affordable housing developments, yes, you can have Section 8 vouchers there, but it is not a Section 8 property, because HUD is not involved in the owning or the management of that particular property.

One of the other concerns that was raised is, Is this a done deal? No, it is not a done deal. The Board, the TDHCA Board is scheduled to meet to consider this transaction on July 13. Keep in mind that any comments that you have made here tonight, we have a court reporter here, and she is recording every comment that's made. This transcript, in its entirety, will be presented to our Board. It will be included in their board book, which is posted to our web site one week prior to the board meeting, and that is something that all of you have access to.

And again, if you're interested, I will be more than happy if you call me up and want me to point you in that direction as to how you can access that. I will be more than happy to do that.

Again, the transcript in its entirety is presented to the Board, and I can tell you that we do have board members who read the transcripts, if that's a concern that you have. I can tell you that they actually do.

So any questions that you have, or any of the comments that were raised tonight, you know, please do rest assured that they are being received by our TDHCA Board.

Again, our Board is scheduled to meet to consider this transaction on July 30. The Board has a number of factors that they can use in which to base their decision. As far as staff is concerned, once we receive an application, the rules for staff state that our recommendation to our Board can only be based on financial feasibility.

So our Underwriting Department, once -- in our Division we do our threshold review and make sure that all of the rules as it relates to threshold have been met. We will forward the application through our Underwriting Division. They will take apart that application, they will analyze the market study, the environmental that was done, and they will determine whether or not that particular application is financially feasible.

If it is financially feasible, then a recommendation will be made to our Board. Please keep in mind that our Board can uphold that recommendation or they can go against it.

So, in our Qualified Allocation Plan, which is what we call our QAP, and that's also available on our web site, and it specifically outlines all of the different criteria that our Board can use in making their decision.

And I can tell you that community input, support and opposition, is one of those things.

I cannot tell you the extent to which your opposition will make a difference, and the fact that all of you came here tonight to oppose it, I cannot say that the Board will see this particular application your way and they will deny this application too.

I cannot speak for our Board. And I cannot say, you know, what decision that they will make, because they make decisions, you know, however they see fit.

All I can tell you is that from staff's perspective, what we do, and the fact that we recommend based solely on financial feasibility, but the Board at its discretion can take into account a whole other list of factors, one of which would include opposition.

So again, the transcript is going to be included, there will also be a list of all of the various letters that we did receive from local elected officials and also state representatives as well.

One of the other questions that was raised has to do with at this point the development is going to be paying property taxes, and in the future can that be switched? And can there be a property tax abatement associated with it?

The way that the bond program works is with TDHCA as the issuer of these bonds, and again the way the program is administered through the Texas Bond Review Board, we -- the particular application does not only have to get approval from the TDHCA Board, but also has to get approval from the Bond Review Board, as well.

So what will happen is after our Board votes on the particular application, and it goes to the bond review board, we have to tell the bond review board whether or not there is a property tax abatement associated with this transaction.

If we present the application to them that there is not a property tax abatement, they approve the application, we go on down the road, if the applicant decides that he wants to now do a property tax abatement, he has to come back through us again, and not only back through the TDHCA Board, but also has to go back through the bond review board as well.

So it's not a switch that you can just automatically do one day just because you feel like it, so to speak.

So as far as the application process, we present it, our Board approves it or denies it based on what is presented at that time, and that is everything that has to take place at that time. You just can't decide to switch certain things around without it going through the necessary channels for review one more time.

As far as the action on the property and the water line issue, I can tell you that with every development, they're -- if it's a new construction deal or even if it's an acquisition and rehab, there cannot be any action taken on that property until our Board votes.

So no action can be taken on that property until our Board makes its decision.

So I guess, are there any other questions as it relates to TDHCA in any of its programs that I did not answer?

Yes, sir.

MALE VOICE: Who is the Board? Are they elected, or are they appointed?

MS. MORALES: We have a six-member Board, and all of our Board members are appointed by the Governor, and they are confirmed by the Senate. And they come from various areas throughout the state. There are two Board members who are from the Houston area. There are two Board members who are from the Dallas area. There is one Board member who is a mayor down in Mission, Texas, down in the Valley, and there is one Board member who is out of the Del Rio area. So they come from all across the state.

MALE VOICE: [inaudible]

MS. MORALES: The TDHCA Board meeting for July 13 is going to be held in Austin, because our Board members, we typically have all of Board meetings in Austin, because all of our Board members are located throughout the state. And again, also keep in mind that the Board member -- the Board is a voluntary board. They have full-time jobs outside of their position on the TDHCA Board.

So the Board meeting for July 13 is scheduled to be held in Austin, and again, one week prior to the proposed Board meeting you can access our web site to get not only the Board materials, if you so choose to look through them, but also the agenda will be posted, and that is where you can get specific information on where exactly the Board meeting will be.

For the most part, they are normally held at the Capitol Building, but as far as the exact time, they typically start in the morning, but again you would have to access the web site to get the agenda to find out the exact time.

And for those of you who would like to address our Board, we welcome that. You're more than welcome to do so. There will be a time at the beginning of the Board meetings for you to address the Board, or you can wait until this particular agenda item comes up, and you can address the Board at that time.

So the Board meetings are open to the public.

Any other questions?

Yes, sir.

MALE VOICE: Do they have e-mail addresses [inaudible]?

MS. MORALES: The Board members?

MALE VOICE: Yes.

MS. MORALES: That information is available on our web site. If you want to give me a call, I will be more than happy to walk you through it, or you can just do a search on our web site for "TDHCA Governing Board," and it gives you their contact information.

Yes, sir.

MALE VOICE: [inaudible] explain [inaudible] that there have been one or two projects approved by the Board that they bypassed the public hearing and a lot of the other items. Is that possible, or [inaudible]

MS. MORALES: As far as having --

MALE VOICE: We have letters from your office saying that there was going to be all this, and there was going to be a public hearing and everything else. Then the next thing we knew, the Board gave its approval for the project before anything happened, so [inaudible].

MS. MORALES: The question was as it relates to public hearings, and those that are required for affordable housing developments.

When TDHCA -- as an issuer of bonds, you not only have, as Mr. Kendrick alluded to earlier, you've got local housing finance corporations, like your Harris County Housing Finance Corporation or City of Houston HFC, those entities are considered issuers of bonds, as well as TDHCA.

When TDHCA is the issuer of those bonds, then it is our responsibility to go out and conduct the public hearing. So that's why we're here tonight, because the applicant elected to go through TDHCA.

If the applicant went through your local housing finance corporations, it is their responsibility to conduct the public hearing. So that's why -- I can't tell you what their --

MALE VOICE: [inaudible]

MS. MORALES: Right. And so I can't tell you what their notification process is, how they notify when that public hearing will be.

Yes, sir.

MALE VOICE: If y'all turn them down, can they go somewhere else and get approval for bonds somewhere else then?

MS. MORALES: The question is if we turn the application down, can they go someplace else?

If we deny the application, they can go through a local housing finance corporation to issue those bonds.

One of the things that I would kind of like do a caveat to that is, some of it has to do with the reasons why the Board would deny that particular application. If the applicant decides to go through us, they submit the application, the Board reviews the application and denies them, let's say hypothetically for concentration issues.

If he then turns around and goes through a local housing finance corporation to issue those bonds, we would then have record that he previously went through TDHCA, and that application was denied.

What we would do is in our write-up to the Board, we would tell the Board, This application was previously submitted on such-and-such date with TDHCA issuing the bonds. The Board denied the application due to X, Y, Z. Then if the application goes to the Board again, the Board would know it already went through us, we turned it down because of this.

So at that point I cannot tell you if the Board would approve it or deny it. But they would have knowledge of the fact that it was previously submitted.

MALE VOICE: But the long and short of it is that they can go [inaudible].

MS. MORALES: They do have the option, because we -- TDHCA is just one issuer of bonds, so depending, in the Houston area, since this is where the proposed development will be, they've got two options.

Any other questions?

Yes, sir.

MALE VOICE: Next question: The application as it's prepared now, does it [inaudible] prepared with a tax abatement or without a tax abatement?

The second part of my question is, do government agencies require the developer to put up any of their [inaudible] the bond [inaudible] escrow reserve [inaudible] in compliance with the promises that they state that they're going to make, as far as supporting the schools, [inaudible] schools, funds for police, fire, and services to the community? And school programs [inaudible]

MS. MORALES: Okay, the question is as it relates to supporting services and tax abatement.

As it relates to whatever the developer says that he is going to do, if he says he is going to do X, Y, Z, as that relates to supportive services or amenities that will be offered, all of that information goes in what's called a regulatory agreement.

The regulatory agreement outlines whatever their restrictions are that are going to be placed on that property, and that is a recorded document. That is something that the applicant is held to for that compliance period, which is a minimum of 30 years.

So whatever he says he's going to do, he has to do. And if for some reason the applicant -- the way that the tax credit program works is if the applicant is found as being non-compliant to any of those issues, you know, there's several different actions that TDHCA can take so that he is following all of the things that he said he was going to do as it relates to that regulatory agreement.

MALE VOICE: The first part of my question you didn't answer. Is there a tax abatement in this application at this time, or is it being [inaudible] without tax abatement?

MS. MORALES: There is not a tax abatement associated with this. This property will be paying full property taxes.

Any other questions?

MALE VOICE: [inaudible] Is the property already purchased, or is it a contingency [inaudible] purchase it on approval of bonds?

MS. MORALES: I will have to defer that to the applicant.

Okay, with that I'm going to turn it over to Mr. Ken Cash, who will answer other questions that you had as it relates to the specific development.

MR. CASH: I'll try to answer the questions in the order that they were given.

MALE VOICE: Can you move the microphone closer to your mouth? It's hard to hear you.

MR. CASH: I'm going to try to answer your questions in the order that they were given. If I miss something, then feel free to ask again.

Just first of all I'd like to say that our mission is to provide new, high-quality housing to improve the lives of Texans.

I don't believe that the demand out there is currently for poorly maintained, poorly built housing.

This project, in addition to anticipating paying a high amount of property taxes each year, has vowed to put up a very significant amount of money, both in operating reserves, reserves for maintenance, and the initial construction costs are much higher than the other projects that you mentioned.

It is our intent to build a very high-quality project, and to maintain it that way. We're not proposing to build a project that's built and looks and appears like a high-end, market rate project, with the intention of just letting it become rundown.

I do agree with the -- some of the

Superintendent's comments regarding the existing projects in the area. I think that some of the existing projects in the area have not been maintained to the standards, and I think that they -- that that should be addressed. And I think that the property managers that were here speaking against our project should possibly speak to the people involved with their project about increasing those maintenance standards.

In answering one of the questions regarding the pre-screening for this particular project, we will have the highest standards in pre-screening of the residents that we are allowed to by law. We will screen for backgrounds, for job, income verification, and all the different verifications that Mr. Clark mentioned earlier, and that I mentioned previously.

It's -- this property, to answer your question, is supposed to be paying full property taxes, and there is no route that I know of that the Harris County agencies will permit to not pay the taxes once you have agreed to do so.

We're also charging a substantial amount of rent, which allows us to do that, and we are allowing the residents to have a high income. $40,000 plus the first year is not exactly the lowest level of income that an apartment project could require.

There is a possibility, after a period of time agreed to with the Texas Department of Housing, and I believe that period starts in about 15 years, where the property can be upgraded. It can be converted into a market rate type project, where you can charge higher rents, but you'll -- it'll have to be maintained and managed and run according to the policies and procedures for the first 15 years.

I will also mention that in regards to some of the comments made previously that the Texas Department of Housing and the Harris County Housing Authority is currently, in the future also, placing a higher emphasis on renovation of projects, rather than new construction.

I think that in the near future that that is probably going to be what the new focus and emphasis is going to be placed on.

In regards to the other developments not following through with some of the things that they had pledged to do, our project is promising to and will provide a business center in the community center, a 4,300-square-foot community center with computers, a learning center for training for younger children.

In regards to the question regarding what type of park facilities we will have within the complex, there will be two playgrounds, there will be picnic areas, there will be a pavilion, and other amenities within our own property.

Because it's over 14 acres, there's actually a fairly low density.

The utilities that were run through the site don't have anything to do with this project. They were probably run for another purpose for another project.

In regards to some of the issues mentioned about the schools and the overcrowding issues, I believe that the taxes that we'll be paying will be beneficial to the school district, to help build new facilities.

We will take all of these comments that you've made, and we will present them also to the other members of the partnership, and we will take them into consideration as well.

I would like to mention that in a recent article in the Houston Chronicle that according to 2003 research, more than 3,500 new homes and 3,000 new apartment units were expected to be built in the Alief school district by 2006. That's a total of 6,500 new apartments and homes being built in the school district, and which is part of the overall projection that's being made for Harris County, and the entire Houston area is expanding.

So I don't want to place too much emphasis on this particular survey; however, I just did want to mention that the projections are that there is quite a bit of current expansion going on within the Alief school district, both single family and multifamily.

I'd like to have Mr. Clark answer a few of the questions also.

MR. CLARK: Just -- there were three quick questions I think that specific answers would be helpful to.

Regarding the screening questions, there are some people here from the school district, I think it's obvious that you know that juvenile records are very difficult to come by, and we're not able to do any kind of a criminal background check on juveniles.

We do try to foster a relationship with the local sheriff's or police departments to convey information which they can do and will do if you develop a good enough relationship with them.

The ongoing criminal background checks I think was the other question. We do do the initial checks when people move in. We do not follow up at renewal time with additional -- with doing those checks again. That's actually a very interesting idea in a difficult area, because there's no reason we couldn't do that. And probably, I'll probably take that back to my office and implement that idea.

The Section 8 question I think was answered. I've never seen, in my 20 years in this business I've never seen a project convert to a Section 8 project under the tax credit program.

And then the last question about management change, very true. Typically management changes happen at a change in the ownership of the property, a transaction point, but they can also happen at any point in time that the ownership becomes unhappy with the management.

I can tell you that there are multiple, probably half a dozen, very solid affordable housing management companies, including the one I think, you know, the young lady who testified works for, who can do a very good job and can provide the service that's needed to be provided.

I think those are the three specific responses I can be of assistance on.

Yes, sir?

MALE VOICE: You said your company manages a number of these types of projects --

MR. CLARK: Yes, sir.

MALE VOICE: -- in the Harris County area?

MR. CLARK: Yes, sir.

MALE VOICE: How many of them are in the Alief school district?

MR. CLARK: We actually -- the only one I listed that I noticed that was up there is we manage the Matthew Ridge project.

MALE VOICE: You have Matthew Ridge?

MR. CLARK: Yes, sir.

MALE VOICE: Okay.

MR. STOERNER: Can I respond to the tax question?

MS. MORALES: If you're going to do that, I would just ask that you come up to the microphone, so the court reporter can pick it up.

MR. STOERNER: Because a lot of the questions relate to property taxes, and I think we need to make sure everyone understands that in the Alief school district we spend over $6,000 per child operating cost.

This complex is going to contribute $200,000. Do the math. If we get more than 30 kids, we are going to be losing money.

That does not include the construction of facilities, of building a $15 million school. So we appreciate your paying a tax, but to give the idea that you're paying for all the education services of those kids is not true.

MS. MORALES: Does anyone have any other questions?

FEMALE VOICE: I guess I'm somewhat pleased to hear that they are going to be paying the taxes, and we understand the cost to educate these students, but we've already learned that there's overcrowding, we've already learned that there's a problem as far as all the portable buildings that are on the site, and I guess my question is, Yes, you're going pay the taxes, but how are we going to get schools built fast enough to accommodate these kids? You know, I mean, we can only do so much as far as putting so many in portable buildings. There's only so much space on campus.

MS. MORALES: That's not something that TDHCA controls, is all I can say. When it comes to putting the affordable housing developments on the ground, one of the things that the Department requires is what's called a consistency with the consolidated plan.

It's the applicant's responsibility to find out what that consolidated plan is as it relates to the growth of the city and the infrastructure and stuff like that. It's there -- that's a threshold requirement that they need to obtain that document saying that the proposed development fits within the guidelines and meets the requirements of that consolidated plan.

FEMALE VOICE: But I pay my taxes also, so.

MS. MORALES: I'm sorry. Yes, sir.

MR. WOODS: Making another comment that what I addressed early on about --

MS. MORALES: Do you mind getting up to the microphone?

MR. WOODS: Government Code 2306, talking about the TDHCA, the purpose of the TDHCA, and I hope you bring this back to your Board, is 1) the purpose of the Department is to assist local governments in providing essential public services for their residents in overcoming financial, social, and environmental problems.

That's number one on the list. And with what you've heard today, if this complex is approved, we don't -- we haven't had this help. So the infrastructure's not there.

So please bring that up, because that's number one on the purpose of TDHCA.

MS. MORALES: In response to that, I can tell you that again the transcript in its entirety will be presented to our Board, and a summary of comments will also be submitted to them.

Yes, sir.

MALE VOICE: Ma'am, I'm not hearing well tonight. I missed the answer to the question that prompted the gentleman to get up to begin with. Did they buy the property? Is it paid for?

MS. MORALES: The question is whether or not the property has been purchased, and again I would defer that to the applicant.

MALE VOICE: [inaudible]

MR. CASH: It's a contingency on the financing.

MALE VOICE: Okay, so [inaudible]

MALE VOICE: That's a "No," then. Is that correct?

MR. CASH: Yes. Correct.

MS. MORALES: So the answer to the question is, No, the property has not been purchased.

MALE VOICE: [inaudible]

MS. MORALES: One of the requirements of the tax credit program is the applicant has to have site control on a particular property until our Board takes action, so they have to have -- the site control has to be current, until our Board takes action.

MALE VOICE: [inaudible]

MS. MORALES: That is correct.

Does anyone have any other questions?

Yes, sir.

MALE VOICE: I've listened to a great amount of the state representatives and school teachers and principals, authorities I see here tonight, who are all respected in our community, well spoken, and I've taken notes, and I haven't heard not one endorsement for this project yet, and I hope the developer is listening, because you don't hear our elected officials, our state representatives and our principals and the community at large in support of this project.

MS. MORALES: Okay, the statement was that apparently there is a great deal of opposition with this particular property, and I can tell you again that our Board will be aware of exactly who is opposing this property as it relates to State Representative Vo and other local elected officials.

Also I will take back with them the number of individuals who were here, and that is also why I wanted to stress that all of you sign in. On the back it indicates whether you support or oppose this particular property, and then that way I can get a clear indication as to exactly how many people were opposed.

Does anyone have any other questions?

Yes, sir.

MALE VOICE: One last question I'll make. How often does the Board turn down an application?

MS. MORALES: You know, the Board approves -- or, I'm sorry, the Board votes on approximately 300 applications a year, and that's not only with the bond program, as it relates to the 4 percent tax credit, but also our 9 percent tax credit, which is our competitive program.

You've got approximately 300 applications there. I can't tell you off the top of my head how many they approved versus how many they denied. I can tell you that as far as what's happened recently, we just had a case at our March Board meeting where the Board did deny that particular application. The reason that was stated was because there was a concentration issue, and that particular project was located in the Houston area.

So I can't give you a definitive number, that they denied X number of applications. I can tell you that they look at over 300 applications each year.

They, you know, make their decisions based on different criteria, so.

Does anyone have any other questions?

(No response.)

MS. MORALES: Okay. I would like to thank everyone for coming out this evening. Again, please do rest assured that your comments are being recorded, and you are encouraged to submit written comment to the TDHCA as well.

Thank you.

(Whereupon, at 8:12 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Parkwest Apartment Homes

LOCATION: Houston, Texas

DATE: May 31, 2006

I do hereby certify that the foregoing pages, numbers 1 through 91, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing & Community Affairs.

06/06/06
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

HUBERT VO
STATE REPRESENTATIVE
DISTRICT 149

State Capitol, Room E2.304
P.O. Box 2910
Austin, TX 78768-2910
512- 463-0568
Fax: 512-463-0548

August 17, 2006

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
Multi-Family Finance Production Division
P.O. Box 13941
Austin, TX 78711-3941 Via: Facsimile (512) 475-0764

Dear Ms. Meyer:

Please accept the following comments detailing my opposition to the issuance of tax bonds for the proposed affordable apartment development known as Parkwest Apartments.

As stated in my previous letter on June 30, 2006 and in my testimony at the hearing in July, I am opposing this project mainly because of the existing high concentration of both market rate and Tax Credit apartment units in this area.

According to information from the Houston Apartment Association and O'Connor & Associates, there are in Alief:

- 53,218 apartment units
- 1,454 units per square mile
- 1/3 of the apartment projects have occupancy of less than 90%
- 2 TDHCA projects close to the proposed Parkwest project have occupancy rates of 74% and 79% as of 8/8/2006
- 5100 units exist within close proximity of Parkwest (approximately 1½ mile radius)

While driving in this area recently, my staff has observed that many of the projects have promotional signs on them advertising inducements for prospective new tenants.

Below is the information on TDHCA units in Alief.

COMPARISON OF UNITS PER SQUARE MILE

County/Area	Square Miles	TDHCA LITHC Units	Units per Square Mile

Committees: Border & International Affairs, Business & Industry
Email: hubert.vo@house.state.tx.us

Harris County	1729	34649	20.04
Alief ISD	37	2333	63.05
Fort Bend County	875	1171	1.34
City of Houston	579	28244	48.78

Source quickfacts.census.gov Source TDHCA Property Inventory XLS

INCLUDING NEW PARKWEST APARTMENTS HOMES

County/Area	Square Miles	TDHCA LITHC Units	Units per Square Mile
Harris County	1729	34901	20.19
Alief ISD	37	2585	69.86
Fort Bend County	875	1171	1.34
City of Houston	579	28496	49.22

Source quickfacts.census.gov Source TDHCA Property Inventory XLS

For the above reasons and the reasons stated in my first letter, I ask you to deny the issuance of tax exempt mortgage revenue bonds and housing tax credits for the Parkwest Apartments.

I want to also remind you that letters of opposition to this project have been sent from State Senator Kyle Janek, State Senator Rodney Ellis and County Commissioner Steve Radack. In addition there has been testimony from the Volunteer Fire Department that serves the area about the burden they already face from the high concentration of apartment units in the area.

Thank you very much in advance for your attention and consideration.

Please do not hesitate to contact me if I can provide further information or be of assistance in any manner.

Sincerely,

Hubert Vo

cc: TDHCA Board Members

Teresa Morales

From: Blue, Lynn (Commissioner Pct. 3) [LBlue@itc.co.harris.tx.us]

Sent: Tuesday, July 11, 2006 2:15 PM

To: teresa.morales@tdhca.state.tx.us

Cc: Kendrick, Bob (Commissioner Pct. 3)

Subject: Commissioner Radack's Opposition to Houston Parkwest Project

Ms. Morales:

Please convey the following message from Commissioner Radack to TDHCA Board President Elizabeth Anderson and the other board members:

Ms. Elizabeth "Beth" Anderson, President, and all other TDHCA Board members:

On May 31st, I sent my Administrative Superintendent, Dr. Robert Kendrick, to the TDHCA public hearing on the possible issuance of tax-exempt multifamily residential rental development revenue bonds to Houston 3601 Parkwest Apartments, LP for their proposed project in the 14601 block of Parkwest Central Drive in Harris County Precinct 3. He conveyed my strong opposition to this project and I understand that a summary of the presentation he made on my behalf is included in the packet you will have before you when you vote on the project. Prior to the hearing, Dr. Kendrick conducted a site visit to the proposed location, conducted a review of similar projects in the Alief area, and communicated that information to TDHCA.

In case the summary you were provided did not provide sufficient detail, I want to personally convey my opposition via this e-mail. I oppose issuance of tax-exempt revenue bonds for this particular project for the following reasons:

* The project location violates longstanding federal, state, and county public policies and principles concerning concentration of low-to-moderate income housing in one area. There are already 14 LMI projects in the Alief area. While many of these projects are outside traditional "mile and year" bars to funding, the concentration of such projects in one area and the resultant adverse impact on the community cannot be ignored.

* Existing projects have vacancies which indicate there is no documented need for LMI multifamily housing in the Alief area. The developer offered no credible, local area specific data that disputed this.

* Using government incentives to construct a project under the above circumstances will undercut government's ability to obtain community support and participation in cases where such projects may actually be warranted.

I support the efforts of federal, state, and local agencies to encourage affordable housing *where appropriate*. <u>However</u>, I oppose TDHCA bond funding for this particular project and project site.

Sincerely,

Steve Radack
Commissioner
Harris County Precinct 3

Alief PREPARING STUDENTS FOR TOMORROW – CARING FOR THEM TODAY
Independent School District

August 14, 2006

RECEIVED
AUG 17 2006

RECEIVED
AUG 17 REC'D
Multifamily Finance Division

Michael Gerber, Executive Director
TDHCA
P.O. Box 13941
Austin, TX 78711-3941

Dear Mr. Gerber and TDHCA Board Members,

The purpose of this letter is to voice our concern once again about the Parkwest Apartment Homes project (#060611) that is apparently back on your agenda for August 30, 2006.

I am writing to once again provide more evidence that this project is not needed in our community at this time. We have shown on three occasions that Alief I.S.D. is saturated with affordable housing.

I hope that you will review this valuable information in addition to the data included in your board agenda document. There have been several instances of data provided to you in the past months that demonstrate the flaws in the market study used to initially analyze this project.

- Alief I.S.D. has over 1400 apartment units per square mile
- There are hundreds of affordable units within one mile
- 33% of Alief I.S.D's 211 complexes are less than 90% occupancy
- More affordable housing will continue to damage existing apartment owners trying to reach capacity

Sincerely,

Louis Stoerner

Louis Stoerner, Ed. D.
Superintendent, Alief I.S.D.
12302 High Star
Houston, TX 77072

Summer 2006 Occupancy of Apartment Complexes within General Vicinity of Proposed Parkwest Apartment Homes within the Alief I.S.D.

Complex	Within Quadrant of Parkwest Site – Eldridge,Westheimer,FB County Line	St Num	Street Name	Zip	Keymap	Class	Units	Occ	Pre Leased	ALIEF DERIVED UNITS AVAIL	Avg Rent - SF	Avg Rent Unit	Avg SF	NRSF
Windchase Hamlet	1	3233	Windchase	77082	488X	B	200	96.00%	97.00%	6.00	$0.86	$616	731	146280
Falls of West Oaks	1	4034	S. Highway 6	77082	528E	C	288	95.00%	95.00%	14.40	$0.76	$534	715	205960
Lodge at West Oaks, The	1	14913	Richmond Ave	77082	488W	A	324	95.00%	96.00%	12.96	$1.01	$882	885	286848
Vinings at West Oaks, The	1	15250-15255	Gray Ridge	77082	527D	B	240	95.00%	96.00%	9.60	$0.85	$700	824	197760
Matthew Ridge	1	**14551**	**Beechnut St**	77083	527G	B	240	94.00%	100.00%	0.00	$0.63	$616	986	236656
Westfield	1	14405	Rio Bonito	77083	528E	B	424	94.00%	97.00%	12.72	$0.77	$547	725	307780
Sendera WoodBridge	1	14500	Empanada	77083	528J	B	752	93.00%	98.00%	15.04	$0.72	$758	1060	797282
Hawthorne	1	15770	Bellaire Blvd	77083	527G	C	312	92.00%	93.00%	21.84	$0.75	$760	1015	316960
Park Village	1	**14100**	**Rio Bonito**	77083	528F	B	312	92.00%	92.00%	24.96	$0.82	$854	1053	328586
Savannah Place I & II	1	3003	Windchase	77082	488X	A	151	92.00%	95.00%	7.55	$1.01	$873	869	131368
Vinings @ West Oaks, The	1	15255	Gray Ridge	77082	527D	B	272	89.00%	90.00%	27.20	$0.91	$660	733	199400
Wyndhaven at West Oaks	1	2600	Westhollow Dr.	77082	488S	A	320	89.00%	96.00%	12.80	$0.72	$894	1247	399084
Serrano Apartment Homes	1	14723	West Oaks Plaza Dr	77082	487Z	A	438	88.00%	88.00%	52.56	$1.06	$1,011	961	421020
Villas at West Oaks	1	15155	Richmond Ave	77082	488W	A	342	88.00%	92.00%	27.36	$1.12	$1,029	932	318792
Westhollow Park	1	2503	Panagard	77082	488T	B	404	83.00%	85.00%	60.60	$0.76	$678	897	362656
City Parc at West Oaks	1	3443	**Addicks Clodine**	77082	487Y	B	168	79.00%	83.00%	28.56	$0.71	$789	1116	2232
City Parc II	1	3530	**Green Crest Drive**	77082	487Y	B	192	74.00%	76.00%	46.08	$0.73	$818	1116	214272
Sierra Pines	1	6403	Sierra Blanca	77083	528E	B	404	66.00%	69.00%	125.24	$0.75	$561	748	302232
							DERIVED AVAIL UNITS			505.47				

Within the area of the proposed Parkwest Apartment Homes site, a quadrant of Westheimer to Eldridge to the Fort Bend County Line and back to Westheimer, there are 18 complexes with a total of **over 500 units of available units as of early August 2006.** Data was extracted from "O'Connor and Associates Apartment Data" subscription.

We were able to derive the units available by calculating percentage not pre-leased (more conservative than occupancy rate) and multiplying by the total number of units.

If we were to simply use the occupancy rate, there would be significantly more units.

Summer 2006 LOWEST 15 Occupancy Rates of Apartment Complexes within the Alief I.S.D. (3 of which are located within 1 mile of proposed Parkwest site)

Complex	QUAD	St Num	Street Name	Zip	Keymap	Class	Units	Occ	Pre Leased	ALIEF DERIVED UNITS AVAIL	Avg Rent -SF	Avg Rent Unit	Avg SF	NRSF	Built	Renov
Westhollow Place		13702	Richmond	77082	488X	B	36	80.00%	80.00%	7	$0.83	$747	911	32831	1981	N/A
Whispering Oaks		10010	Greenfork Dr.	77036	529R	C	180	80.00%	80.00%	36	$0.64	$441	689	124176	1977	N/A
City Parc at West Oaks	1	3443	Addicks Clodine	77082	487Y	B	168	79.00%	83.00%	28.56	$0.71	$789	1116	2232	2003	N/A
Suncrest Village TH		10901	Village Bend Ln	77072	529L	B	118	78.00%	75.00%	30	$0.59	$725	1232	145376	1985	1996
Estancia @ Shadowlake		2840	Shadowbriar Dr.	77082	488V	A	324	77.00%	78.00%	71	$1.05	$1,168	1111	360196	2005	N/A
Fountains of Westchase, The		3600	Woodchase	77042	490W	B	289	77.00%	79.00%	61	$0.82	$581	711	205650	1976	1991
Greyfield		10111	Bissonnet	77036	529V	C	144	77.00%	80.00%	29	$0.72	$523	726	104672	1979	N/A
Vanderbilt Court		12630	Ashford Point	77082	528D	B	164	77.00%	78.00%	36	$0.80	$661	835	137006	1983	N/A
Claridge, The		10027	Spice Ln	77072	529Q	B	173	75.00%	75.00%	43	$0.73	$852	1176	203563	1983	N/A
Encore, The		7255	Corporate	77036	529H	C	308	75.00%	84.00%	49	$0.68	$508	754	232456	1978	N/A
City Parc II	1	3530	Green Crest Drive	77082	487Y	B	192	74.00%	76.00%	46.08	$0.73	$818	1116	214272	2004	N/A
Sierra Pines	1	6403	Sierra Blanca	77083	528E	B	404	66.00%	69.00%	125.24	$0.75	$561	748	302232	1982	N/A
Belvedere		7000	Cook Rd	77072	529E	B	201	64.00%	78.00%	44	$0.70	$667	963	193600	1984	N/A
Chesterfield		11735	South Glen	77099	529S	B	254	50.00%	50.00%	127	$0.79	$567	737	187273	1982	N/A
Premiere on Woodfair Apts. Ph II		9502	Woodfair Dr	77036	529V	C	204	27.00%	27.00%	149	$0.67	$413	635	129642	1977	2006
Premiere on Woodfair Ph I		9502	Woodfair	77036	529V	C	204	25.00%	25.00%	153	$0.67	$415	638	130295	1977	N/A
				Total Units			53,218									
				Count of Properties			211									

As can be seen by this table, a selection of the lowest 15 occupancy rates of the apartments in ALIEF I.S.D. contains 3 properties within 1 mile of the proposed Parkwest Apartment Homes.

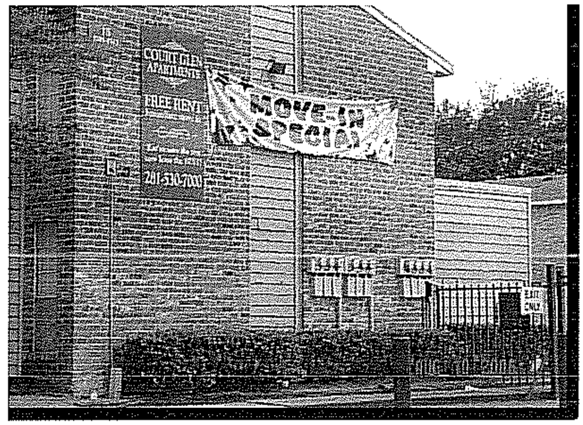
If you select only apartments with 89% or lower occupancy rates, there are 8 complexes within the quadrant of Westheimer to Eldridge to Fort Bend/Harris line.

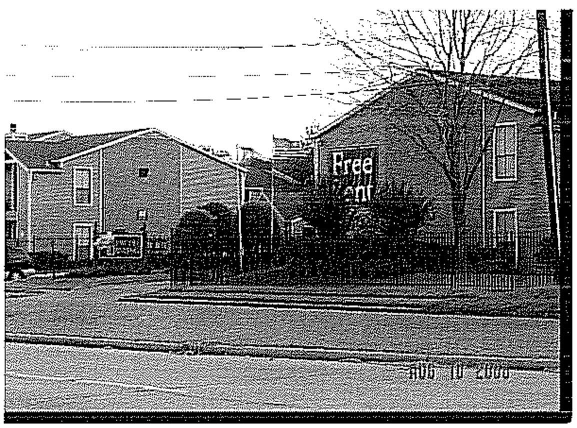
Summer 2006 Statistics Regarding Apartment Complexes within the Alief I.S.D.

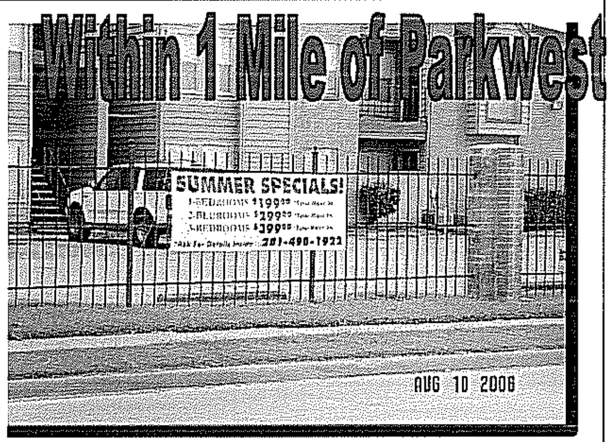
The average occupancy rate of Alief ISD apartments as of summer 2006:	89.67%
The total number of apartment complexes in Alief I.S.D.:	211
The total number of derived available units using pre-lease rate:	4,836
The percentage of complexes with less than 90% occupancy:	33%
The number of complexes with less than 90% occupancy:	70
The total number of apartment units with 36.6 square miles:	53,218
The number of apartment units per square mile in Alief I.S.D.:	1,454

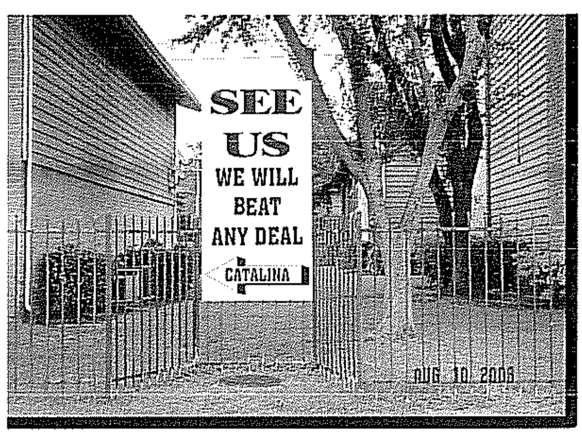
Alief PREPARING STUDENTS FOR TOMORROW – CARING FOR THEM TODAY
Independent School District

Summer 2006 Pictorial Evidence of Apartment Availability within the Alief I.S.D.



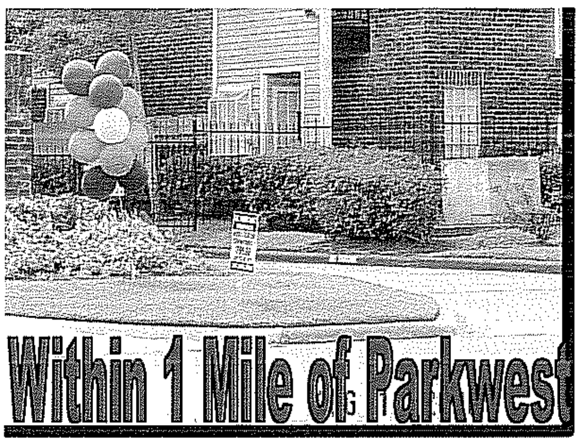




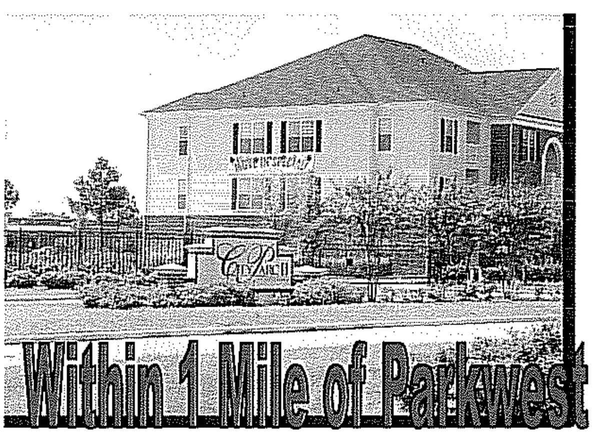



BEDROOMS
Within 1 Mile of Parkwest

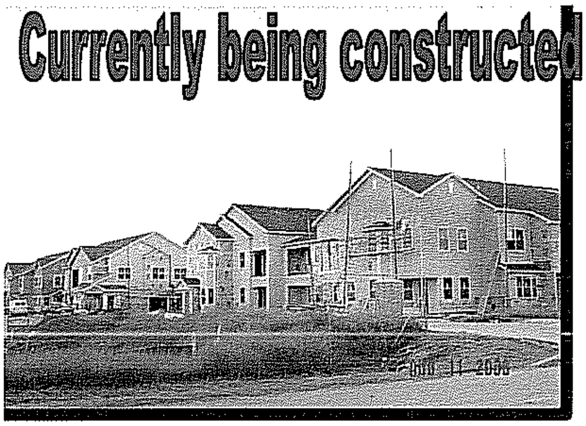

FALLS
LUXURY
APARTMENTS
OF WEST OAKS
4034 HWY 6 S
FALLS OF WEST OAKS
LUXURY UNITS
BLOW OUT
SPECIAL
281-496-0303
Within 1 Mile of Parkwest

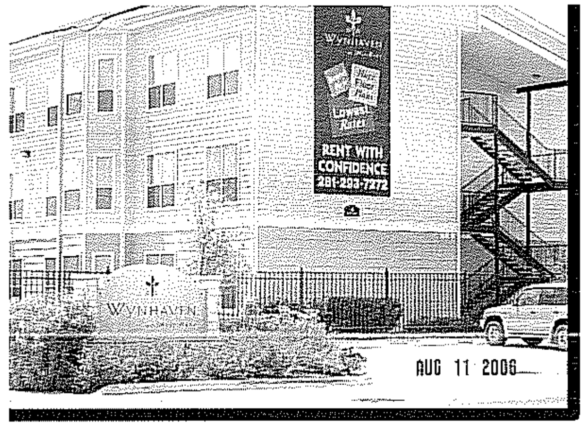

Within 1 Mile of Parkwest


MOVE IN SPECIAL
Within 1 Mile of Parkwest


Within 1 Mile of Parkwest

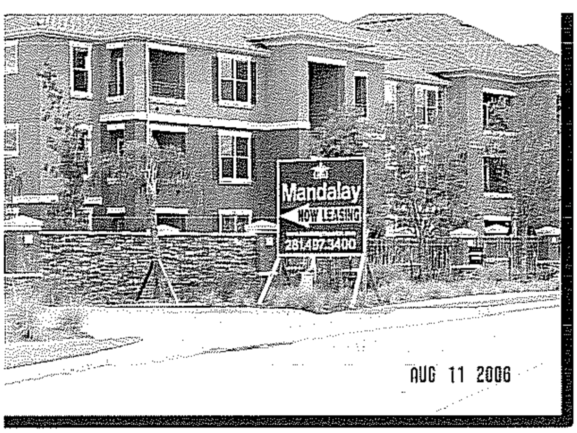

FREE
RENT!

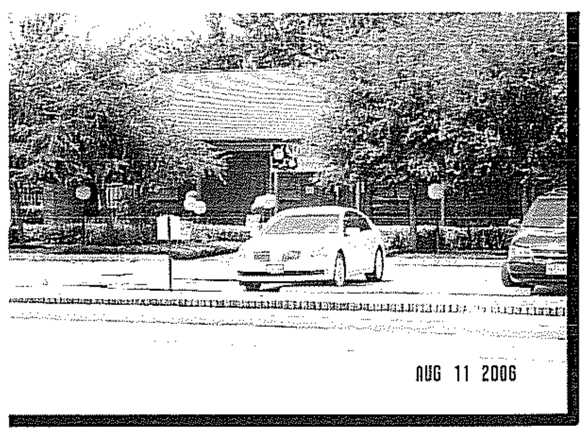

Currently being constructed


RENT WITH
CONFIDENCE
281-293-7272
WYNHAVEN
AUG 11 2006

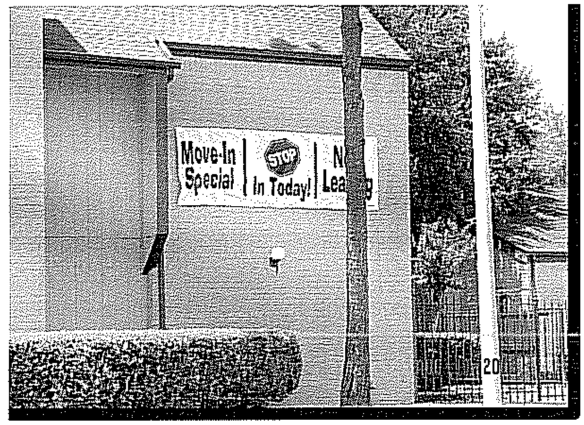

One Bed Rooms
$ 499
CALL 713-530-0262

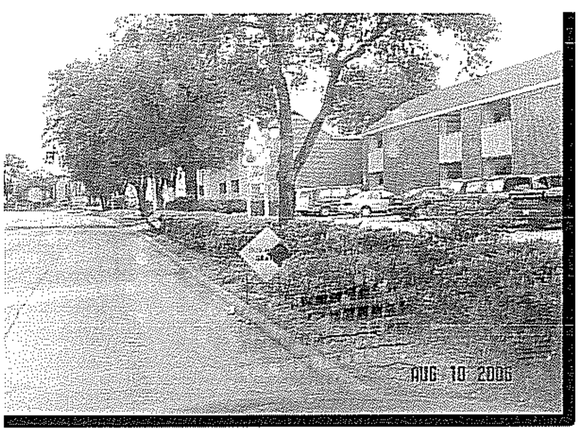

1 BEDROOM
FREE CABLE
FREE WASHER/DRYER
$505 MO.
WINDCHASE HAMLET


Mandalay
NOW LEASING
281.497.3400
AUG 11 2006


AUG 11 2006

Alief Independent School District PREPARING STUDENTS FOR TOMORROW – CARING FOR THEM TODAY





Alief
Independent School District

PREPARING STUDENTS FOR TOMORROW — CARING FOR THEM TODAY

June 6, 2006

RECEIVED
JUN 1 3 2006
EXECUTIVE

Michael Gerber, Executive Director
TDHCA
P.O. Box 13941
Austin, TX 78711-3941

Dear Mr. Gerber:

On May 31, 2006, Ms. Teresa Morales from the TDHCA Multifamily Finance Production Division conducted a public hearing at Elsik High school regarding an application for housing tax credit bonds to finance a project called "**Parkwest Apartment Homes**". As president of the Alief Independent School District, I would like to summarize some of our community's concerns about this proposed multifamily project slated for construction in our district at 14601 Parkwest Central Drive and HWY 6.

First, I must state that Alief I.S.D. is not opposed to affordable housing. In fact, our school district and community of 36.6 square miles supports 12 existing TDHCA properties listed on your recent inventory. We realize that the transcripts are voluminous in their entirety and want to share a sampling of comments made at the hearing. You should know that 100% of the speakers from our community were opposed to this project.

1) Texas House of Representatives District 149 - Hubert Vo, representing District 149, spoke against the project due to overcrowding in emergency rooms and hospitals. We have West Houston Medical Center as the chief location for emergency care. EMS services and Fire response infrastructures are taxed to their limits already due to high concentrations of people in a small area. There are not enough clinics as well. He also spoke about overcrowding at the Alief campuses that would enroll students from the proposed complex.
2) Bob Kendrick, representing Harris County Commissioner Steve Raddack, expressed concerns about the excessive concentration of affordable housing complexes in the Alief area. Harris County has adopted a policy that supports evenly distributing housing such as this throughout the county and the city of Houston.
3) Steve Fowler, Fire Chief of the Community Volunteer Fire Department of Alief spoke against the project for similar reasons but stressing the fire department's inability to service this type of complex due to the overburdening of existing fire and ambulance infrastructures.
4) The Management of City Parc 1 and City Parc 2 (TDHCA properties #1459 and #2439) spoke against the project citing plummeting occupancies and the fact that an additional complex within one mile will destroy their business.
5) It was cited many times by community persons that bi-annual inspections of existing properties cannot be occurring since the items of concern brought out by community members still exist on some of these existing complexes built in the last 15 years.
6) Alief I.S.D. would have 56.15 TDHCA low income tax credit units per square mile as opposed to the City of Houston which has 38.13, Harris County which has 14.59 and Fort Bend County which has 1.10. Obviously Alief I.S.D. is the highest concentrated agency/district/municipality in the area.
7) There are 101 TDHCA units available for leasing within one square mile. There are over 350 low income units available in the near vicinity when you compare lease rates to this proposed project.
8) Alief ISD contacted existing apartment complexes and utilized third party resources such as O'Connor and Associates and determined that occupancy rates for apartment complexes in this area are on the decline.
9) Alief I.S.D. does not have the school facilities and does not have the financial means to construct the facilities to support such a complex that will yield large numbers of students in the near future.

Board of Trustees • 12302 High Star • Houston, Texas 77072 • 281-498-8110
P.O. Box 68 • Alief, Texas 77411 • www.aliefisd.net

We support your mission statement – "To help Texans achieve an improved quality of life through the development of better communities". However, we hope that you can see that this project will not further that mission statement. In fact, we feel that building another affordable housing complex at this time and in this location will harm our community. Our existing infrastructure cannot support another affordable housing complex at this time. We hope that you find a way to read the transcript and digest the information contained in that document in order to make a sound decision. We further hope that you side with us by rejecting the application for the Parkwest Apartments.

Sincerely,

Sarah Winkler

Sarah Winkler, President
Board of Trustees

Enclosure

PARKWEST APARTMENT HOMES

Summary of Information Regarding Current and Near Future Conditions

Presented by: Alief I.S.D. – Charles Woods – 281-498-8110 X6040

Alief
Independent School District

Alief ISD Apartments

TDHCA Q&A - Criteria

- http://www.tdhca.state.tx.us/multifamily/htc/faqs.htm#q1

Q. What evaluation criteria is used to review submitted applications?
A. It is the goal of TDHCA to encourage diversity through broad geographic allocation of tax credits within the state, and to promote maximum utilization of the available tax credit amount. The criteria utilized to realize this goal includes a point based scoring system and an evaluation of the development's:

- cost and financial feasibility;
- geographic location within the state as compared to other developments applying for tax credits;
- impact on the concentration of existing tax credit developments and other affordable housing developments within specific markets and sub-markets;
- site conditions;
- development team experience; and
- consistency with the goal of awarding credits to as many different applicants as possible.

Those applications which are deemed to have a high priority based on the review criteria, are subject to an underwriting review which evaluates the development's projected construction costs and financial feasibility. Applications which pass the underwriting process and are determined to have the highest priority will be presented to TDHCA's Board of Directors for consideration. (Top)

TDHCA Projects Within 1 Mile

- City Parc I (Addicks Clodine & Grey Ridge
  - TDHCA granted – January 2002
  - 168 Units
- City Parc II (Greencrest & Westpark)
  - TDHCA granted – October 2002
  - 192 Units
- Park Village
  - TDHCA granted – 1993
  - 312 Units

Alief
Independent School District

School Enrollments and Capacities

- Projected Slated to be in the Rees Elementary Zone –

School	Projection	Capacity	
Hearne Elementary	1,105	990	(including 8 classroom addition)
Hicks Elementary	1,343	1,210	(including 8 classroom addition)
Outley Elementary	1,091	858	(including 8 classroom addition)
Petrosky Elementary	871	1,034	(including 8 classroom addition)
Rees Elementary	1,049	968	(including 8 classroom addition)
Totals	5,459	5,060	
Albright Middle School	1,328	1,272	

Leasing Rates

- Parkwest -

Leasing Rates:

One Bedroom, One Bath - 680 S.F. - $630.00 / Month
Two Bedroom, Two Bath - 950 S.F. - $757.00 / Month
Three Bedroom, Three Bath – 1,100 S.F. - $872.00 / Month

425 units available between $590 and $1129

Well over 200 units available between $590 and $940

Apartment Complex	# of Open Units as of 5/10/06	Unit total	Rent 2bdrm	Rents
City Parc 1	20	168	$ 720.00	.68 / sf
City Parc II	49	192	$ 745.00	.70 / sf
Falls of West Oaks	1 1bdrm 1 2bdrm	288	$ 645.00	.73 / sf
Lodge @ West Oaks	20	324	$ 959.00	.87 / sf
Park Village	41	312	$ 640.00	.68 / sf
Serrano	19 1bdrm and 11 2bdrm	438	$ 1,019.00	1.67 / sf
Sierra Pines	~200	804	$ 590.00	.67 /sf
Villas @ West Oaks	16 1bdrm and 17 2bdrm	342	$ 1,129.00	1.047 / sf
Vinings @ West Oaks, The	Between 30-40	272	$ 810.00	.83 /sf
Westfield	30 - mostly 1 bedroom	424	$ 605.00	.70 /sf
TOTALS NOW	515	3564		
Parkwest Apartments		252	$757	

Occupancy Rates – Houston

Historical Apartment Occupancy

Monthly

Market(s): Houston
May 2006

Survey Period	A	B	C	D	Overall
Dec 2003	85.62%	89.95%	89.10%	84.39%	88.51%
Jan 2004	86.23%	89.97%	88.93%	84.10%	88.56%
Feb 2004	86.00%	89.98%	88.70%	83.77%	88.60%
Mar 2004	85.31%	89.99%	88.41%	83.39%	88.16%
Apr 2004	86.05%	89.91%	88.20%	83.30%	88.24%
May 2004	86.61%	89.81%	88.02%	83.23%	88.25%
Jun 2004	83.27%	89.12%	87.75%	83.06%	87.00%
Jul 2004	84.40%	89.09%	87.61%	82.67%	87.26%
Aug 2004	85.34%	89.09%	87.47%	82.28%	87.42%
Sep 2004	85.05%	89.04%	87.34%	81.09%	87.27%
Oct 2004	85.62%	89.01%	87.16%	81.63%	87.32%
Nov 2004	86.17%	88.96%	86.97%	81.37%	87.36%
Dec 2004	85.57%	88.19%	86.68%	80.09%	86.75%
Jan 2005	86.59%	87.69%	86.10%	79.88%	86.55%
Feb 2005	86.75%	87.46%	85.05%	79.74%	86.46%
Mar 2005	86.52%	87.20%	85.74%	79.80%	86.26%
Apr 2005	87.12%	87.31%	85.75%	79.80%	86.44%
May 2005	87.13%	87.98%	85.64%	80.37%	86.73%
Jun 2005	87.36%	87.99%	85.59%	80.60%	86.00%
Jul 2005	88.34%	87.85%	85.58%	80.66%	86.96%
Aug 2005	89.56%	87.99%	85.16%	80.14%	87.13%
Sep 2005	93.07%	91.23%	87.09%	80.97%	90.34%
Oct 2005	94.16%	92.11%	88.61%	81.59%	91.05%
Nov 2005	93.73%	92.37%	89.16%	84.27%	91.37%
Dec 2005	93.12%	92.64%	90.33%	84.79%	91.72%
Jan 2006	92.01%	92.02%	90.66%	83.36%	91.23%
Feb 2006	91.60%	91.70%	90.49%	83.59%	90.97%
Mar 2006	91.17%	91.92%	90.59%	83.95%	91.00%
Apr 2006	90.86%	91.83%	90.08%	83.35%	90.73%

Data from Subscription
O'Connor & Associates

Occupancy Rates – Alief

Historical Apartment Occupancy

Monthly

Submarket(s): Alief
May 2006

Survey Period	A	B	C	D	Overall
Dec 2003	72.60%	89.73%	86.39%	95.81%	87.90%
Jan 2004	76.10%	89.12%	85.60%	94.10%	87.38%
Feb 2004	79.52%	88.42%	84.82%	92.39%	86.83%
Mar 2004	82.95%	87.74%	84.03%	92.00%	86.27%
Apr 2004	83.06%	87.53%	86.74%	92.00%	87.15%
May 2004	84.79%	87.33%	86.92%	92.00%	87.14%
Jun 2004	85.70%	87.13%	87.11%	92.00%	87.12%
Jul 2004	85.70%	87.22%	87.26%	91.26%	87.22%
Aug 2004	85.70%	87.30%	87.42%	90.52%	87.31%
Sep 2004	85.70%	87.42%	87.67%	89.78%	87.42%
Oct 2004	86.40%	87.26%	87.00%	88.62%	87.19%
Nov 2004	87.27%	87.12%	86.60%	87.47%	86.96%
Dec 2004	88.29%	87.31%	85.56%	88.30%	86.76%
Jan 2005	87.48%	84.44%	83.81%	80.89%	84.32%
Feb 2005	[illegible]	[illegible]	83.81%	75.70%	84.49%
Mar 2005	89.81%	84.96%	83.34%	75.70%	84.49%
[illegible]	[illegible]	[illegible]	83.72%	78.70%	84.76%
May 2005	88.66%	85.16%	83.10%	78.66%	84.56%
[illegible]	[illegible]	[illegible]	83.29%	79.40%	84.92%
Jul 2005	91.51%	86.18%	83.20%	79.40%	85.31%
Aug 2005	89.26%	85.49%	81.86%	79.40%	84.37%
Sep 2005	91.80%	89.08%	85.89%	79.40%	87.95%
Oct 2005	89.91%	87.71%	87.61%	92.16%	89.03%
Nov 2005	91.80%	90.60%	89.32%	84.83%	90.14%
Dec 2005	88.55%	91.76%	93.73%	86.16%	92.22%
Jan 2006	91.77%	91.05%	92.61%	86.16%	92.02%
Feb 2006	92.16%	91.32%	92.05%	92.94%	91.62%
Mar 2006	93.78%	91.17%	92.82%	92.42%	91.85%
Apr 2006	92.02%	91.31%	91.97%	94.60%	91.61%

Peaked in Dec 05

Alief Occupancy Traditionally Less than Houston Overall

Data from Subscription
O'Connor & Associates

Alief Apartments Statistical Summary

Market Statistical Overview - Summary

Submarket(s): Alief
May 2006

Property / Unit Information

	A	B	C	D	Overall
Total # Projects	3	54	30	3	90
Total # Units	822	13,354	7,307	300	21,783
Total # Units 0BR	N/A	1.8%	N/A	N/A	1.8%
Total # Units 1BR	2.2%	30.8%	13.2%	0.2%	46.5%
Total # Units 2BR	1.5%	23.6%	16.3%	0.8%	42.2%
Total # Units 3BR	0.0%	4.3%	4.2%	0.3%	8.8%
Total # Units 4BR	N/A	0.6%	N/A	N/A	0.6%
Avg Units per Project	274	248	244	100	242
Avg SF	909.30	817.16	895.87	1,043.93	850.16
Total # Units Under Construction	N/A	250	N/A	N/A	250
Total # Units Proposed	N/A	N/A	N/A	N/A	N/A

Rental Rates

	A	B	C	D	Overall
Avg Market Rent/SF	$1.078	$0.770	$0.668	$0.650	$0.746
Avg Market Rent/SF 0BR	N/A	$0.980	N/A	N/A	$0.980
Avg Market Rent/SF 1BR	$1.130	$0.799	$0.718	$0.765	$0.792
Avg Market Rent/SF 2BR	$1.033	$0.727	$0.636	$0.653	$0.700
Avg Market Rent/SF 3BR	$1.142	$0.689	$0.624	$0.539	$0.655
Avg Market Rent/SF 4BR	N/A	$0.926	N/A	N/A	$0.926
Avg Market Rent/Unit	$ 967.65	$ 617.45	$ 586.93	$ 658.33	$ 620.96
Avg Market Rent/Unit 0BR	N/A	$ 468.90	N/A	N/A	$ 468.90
Avg Market Rent/Unit 1BR	$ 853.22	$ 531.64	$ 487.58	$ 505.46	$ 534.42
Avg Market Rent/Unit 2BR	$ 1,117.40	$ 690.76	$ 618.93	$ 678.27	$ 678.08
Avg Market Rent/Unit 3BR	$ 1,713.50	$ 831.77	$ 788.92	$ 733.20	$ 812.00
Avg Market Rent/Unit 4BR	N/A	$ 940.00	N/A	N/A	$ 940.00

Just 1% represents 217 units

Data from Subscription
O'Connor & Associates

Parkwest Apartments Timelines

Texas Department of Housing and Community Affairs
Multifamily Finance Production Division
Notification of Submission of Affordable Housing Applications

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MAY 0 1 2006

April 26, 2006 BY:

, Superintendent of the School District
Dr. Louis Stoerner
12302 High Star
Houston, TX 77072

Re: Notification of Affordable Rental Housing Application(s) Proposed in Your District

Dear Dr. Louis Stoerner:

I am writing to provide you with information on one or more rental housing application(s) proposed in the community you represent that has been received by the Texas Department of Housing and Community Affairs for the Private Activity Bond and Housing Tax Credit Programs.

The Department's mission is to help Texans achieve a higher quality of life by building better communities. Through our rental production programs, the Department encourages the new construction or rehabilitation of high-quality multifamily housing, primarily through private developers. These developments benefit Texans in your district by providing qualified families with safe, affordable, quality housing.

This notification is made pursuant to §2306.1114, Texas Government Code, to ensure that you are fully informed of the activity in your area. A development summary for each application in your community as well as relevant data relating to this application is included with this correspondence. The Department would also greatly appreciate receiving your views concerning the need for affordable housing within your district and how the proposed development(s) addresses that need.

The Department respectfully requests your comments concerning the need for affordable housing within your community and how the proposed development(s) addresses that need. Your comments will be considered by the TDHCA Board when making a decision to award funds or tax credits to an application. Please mail any comments you may have to the Multifamily Finance Production Division, P.O. Box 13941, Austin, TX 78711-3941 or send them by facsimile to 512.475.0764 (Attention of Teresa Morales).
1349

If you have any questions or need additional information, please contact Michael Lyttle, Director of the Division of Policy and Public Affairs, at 512.475.4542 or by email at Michael.lyttle@tdhca.state.tx.us.

Sincerely,

Brooke Boston

Brooke Boston
Director, Multifamily Finance Production Division

- Notice from Mr. Cash on 2/2/2006 to Alief ISD
- Alief Issued Letter to TDHCA on 2/22/2006
- Alief Met with Mr. Cash one week later
- Notice from TDHCA on 4/26/2006 (application phase)
- Hearing on May 31, 2006 – 6pm

Other TDHCA Projects in Alief

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-2003 Low Income Housing Tax Credit Program
Texas Developments Placed In Service or Under Construction 1988-2005

TDHCA #	Original TDHCA#	Year	Board Approval	Development Name	Project Address	Project City	Project County	Zip Code	LIHTC Amt Awarded	Total Units	LIHTC Units	Population Served	Disabled Units	Apt. Phone #	Census Tract
95153	ALIEF	1996	1996	Sovereign Apartments	5858 United Drive	Houston	Harris	77036	$1,128,000	209	209	General	34	(281) 363-8105	4330
01162	ALIEF	2001	07/31/01	Town Park Townhomes	Nec. Town Park Dr & Beltway 8	Houston	Harris	77036	$931,890	163	160	Elderly	6	(713) 721-6702	424.01
03449	ALIEF	2003	11/14/03	Little Nell Apartments	5555 W Sam Houston Pkwy.	Houston	Harris	77035	$920,281	278	278	General	20	(713) 334-5305	4335
94021	ALIEF	1994	1994	Bristol Court Apartments	8454 S. Course Drive	Houston	Harris	77072	$169,032	164	164	General	4	(281) 495-3513	4532
01076	ALIEF	2001	07/31/01	Laurel Point Senior Apartments	16200 Westpark Dr.	Houston	Harris	77082	$454,460	148	110	Elderly	38	(407) 772-0700	4543
01459	ALIEF	2001	01/17/02	West Oak Apartments	corner of Addicks Clodine & Gray	Houston (area)	Harris	77082	$463,812	168	158	General	0	(504) 250-1000	437.11
02439	ALIEF	2002	10/10/02	Green Crest Apartments	3535 Greencrest Dr.	Houston (area)	Harris	77082	$523,902	152	150	General	0	(504) 250-1000	4540
93121	ALIEF	1993	1993	Park Village Apartments, Ph I	14100 Rio Bonito Rd.	Houston	Harris	77083	$565,814	168	168	General	5	(281) 727-4000	4526
93122	ALIEF	1993	1993	Park Village Apartments, Ph II	14100 Rio Bonito Rd	Houston	Harris	77083	$740,683	144	144	General	0	(281) 727-4000	4526
02403	ALIEF	2002	05/05/02	Mathew Ridge Apartments	14551 Beechnut St.	Houston	Harris	77083	$562,485	240	240	General	0	(904) 280-3030	4539
000371	ALIEF	2000	10/13/00	Cottingham Park	10700 Cottingham	Houston	Harris	77099	$563,337	250	250	General	0	(713) 474-5500	436.33
04453	ALIEF	2004	12/13/04	The Pinnacle on Wilcrest	9520 Wilcrest Drive	Houston	Harris	77099	$837,260	250	250	General	18	(210) 824-6044	4535

TDHCA Units Per Square Mile

County/Area	Square Miles	TDHCA LITHC Units	Units per square mile
Harris County	1,729	25,170	14.56
Alief ISD	37	2,055	56.15
Fort Bend County	875	1,026	1.17
City of Houston	579	22,077	38.13
	Source quickfacts.census.gov	Source TDHCA Property Inventory XLS	

Alief units includes proposed Parkwest Apartments

Summary

- Planning and District Involvement should begin earlier
- Funding considerations – facilities (local cost, not TDHCA/IRS cost)
- Market is saturated with affordable housing – most of which are TDHCA existing complexes
- Occupancy rates are **proven** to be declining
- **Please consider rescinding the application or not awarding the project**

01/16/2006
11:18 am

City Parc II @ West Oaks Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Revenue													
Rental Income	153,984	153,984	153,984	156,960	156,960	156,960	156,960	156,960	156,960	156,960	156.960	156,960	1,874,592
Gain (Loss) To Old Lease	-6.447	-6,016	-5.647	-7,511	-7,151	-6,469	-7.262	-6.117	-4,065	-4.891	-11,475	-6.802	-79,852
Scheduled Rent	147,537	147,968	148,337	149.449	149,809	150,491	149,698	150,843	152,895	152,069	145.485	150,158	1,794,740
Rent Loss													
Vacancy Loss	-11,431	-12,975	-12,341	-14,505	-15,587	-21,631	-26,715	-28,245	-20,130	-11,521	-8,620	-5,299	-188,999
Uncollectible - Rent	-13,756	-13,141	-5,812	-7,129	0	-19.739	-13.212	-9,795	-7,980	264	-17.563	4,214	-103.649
Promotion/Concessions	-2,877	-4,995	-3.561	-5,985	-9.366	-10.606	-1,794	-7.436	-11.136	-4,094	-2.066	0	-63,914
Total Rent Loss	-28,064	-31,110	-21,713	-27,618	-24,953	-51,976	-41,721	-45,476	-39,245	-15,351	-28,249	-1,085	-356,562
Total Rental Income	119,473	116,858	126,624	121,831	124,857	98,516	107,978	105,367	113,649	136,718	117,236	149,073	1,438,179
Other Rental Income													
Cleaning / Damages	0	100	201	1,706	956	1,429	5.233	3,880	365	0	14	0	13,884
Vending Income	0	417	117	0	557	110	1,249	99	520	79	296	78	3,522
Utility Income	111	141	352	169	413	449	1,456	409	384	0	0	0	3,883
Late Charges	3,737	2,473	1,898	2.408	2,398	2,125	2,243	1,950	2,489	1,252	41	713	23,727
Other Income	1,000	2,066	1,189	1,106	4,723	6,630	3,962	2,036	700	265	0	4,233	27,909
Application Fees	560	490	350	700	490	385	630	525	140	0	35	35	4,340
Interest Income	8	0	24	0	0	0	0	0	0	0	0	0	32
Total Other Rental Income	5,416	5,687	4,131	6,089	9,537	11,127	14,773	8,898	4,598	1,596	386	5,059	77,297
Total Revenue	124,889	122,545	130,754	127,920	134,394	109,643	122,751	114,265	118,247	138,314	117.622	154,132	1,515,476
OPERATING EXPENSES													
Salaries & Payroll													
Manager	1,835	1,835	1,835	3,462	3.462	2,756	2,763	1,846	1,846	998	1,345	1,771	25.753
Assistant Manager	1,615	1,630	1,600	1,923	1,600	2,180	2,430	1,600	1,590	1,690	1,590	2,160	21,608
Leasing Agent(S)	1,800	1,800	1,776	1,672	1,800	1,800	2,700	1,800	1,800	1,800	1,800	2,318	22,865
Head Maintenance	2,405	2,440	2,534	2,356	2,639	2,597	3,633	2,870	2,583	2,293	2,240	3,259	31,847
Make Ready	1,730	1,690	1,720	1,820	1,870	1,773	2,588	1,900	1,815	1,645	1,690	2,235	22,475
Contract Labor - Office	0	0	0	510	0	0	0	0	0	0	0	0	510
Contract Labor - Maintenance	0	0	0	0	0	810	0	0	0	0	0	0	810
Apt Allow - Courtesy Officer	715	745	745	745	745	745	745	745	745	745	174	745	8,339
Commissions/Bonuses	0	175	345	945	850	870	250	0	0	950	0	0	4,385
Mileage/Travel	0	0	0	0	81	0	0	0	0	15	87	175	358
Apt Allow - Employee	855	855	855	822	691	750	1,130	1,130	1,130	939	691	691	10,539
Payroll Taxes	1,449	1,477	1,446	1,530	1,256	1,062	1,305	807	733	714	656	890	13,325
Worker's Comp	647	660	677	840	843	569	682	491	472	459	425	575	7,341
Group Benefits	1,133	1,133	1,133	1,425	1,274	1,140	1,291	1,857	1,857	1,291	1,857	1,291	16,682
Payroll Processing Fee	150	50	50	50	50	50	50	50	50	50	50	50	700
Total Salaries & Payroll	14,333	14,489	14,715	18,099	17,161	17,102	19,566	15,096	14,621	13,589	12,605	16,158	187,534

City Parc II @ West Oaks Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
General & Administrative													
Office Supplies/Forms	691	114	51	148	308	164	79	104	0	149	0	148	1,957
Telephone/Internet Lines	982	551	548	588	559	670	1,173	582	621	754	741	826	8,594
Answering Service/Pagers	228	130	0	49	51	246	0	51	46	0	97	57	954
Postage / Delivery	44	34	19	14	40	28	37	74	0	27	0	0	318
Dues/Memberships/Subscriptions	271	0	0	0	323	286	0	0	0	0	0	0	880
Permits / Licenses	100	0	5	0	0	0	0	0	0	0	0	0	105
Seminars/Training	0	0	50	238	0	0	0	0	31	0	0	0	319
Office Equipment R & M	561	831	407	208	612	59	955	150	438	745	0	346	5,311
Computer Repairs/Supplies	103	38	47	38	38	38	38	535	38	1,445	38	38	2,429
Employee Recruiting Costs	848	0	0	0	17	78	0	0	0	0	0	0	944
Legal/Evictions	12,600	-67	335	368	0	134	67	0	0	735	266	729	15,167
Outside Legal/Professional	0	2,000	881	6,320	0	0	0	0	0	4,816	0	3,376	17,393
Bank Charges	68	52	43	72	58	66	86	85	29	65	31	26	681
Total General & Admin.	16,495	3,683	2,386	8,042	2,005	1,769	2,435	1,582	1,202	8,736	1,173	5,545	55,052
Management Fee	9,589	5,107	5,296	4,999	4,638	5,203	4,736	4,363	4,282	5,091	4,544	5,610	63,457
Total Management Fees	9,589	5,107	5,296	4,999	4,638	5,203	4,736	4,363	4,282	5,091	4,544	5,610	63,457
Leasing													
Credit Reports	208	195	169	294	354	623	398	294	242	0	195	1,035	4,008
Advertising	745	770	770	745	-634	770	745	-745	0	0	0	0	3,166
Locator/Broker Fees	350	0	0	350	350	0	350	350	0	0	0	0	1,750
Social Program	1,440	1,440	720	720	720	720	720	720	720	0	720	1,440	10,080
Resident Retention	300	0	150	450	300	435	600	300	150	900	150	450	4,185
Signs/Banners/Flags	0	0	0	0	0	189	0	88	0	0	0	0	277
Other Marketing Costs	0	11	0	0	52	60	8	25	0	22	0	0	176
Total Leasing	3,043	2,416	1,809	2,559	1,142	2,797	2,821	1,031	1,112	922	1,065	2,925	23,643
Maintenance													
Life Safety	0	0	0	0	225	65	0	97	347	0	0	0	734
Landscape Contract	1,351	1,351	1,351	1,351	1,351	2,702	1,351	1,351	0	1,351	1,351	1,351	16,212
Yard & Grounds	0	9	0	0	0	0	0	0	0	0	0	0	9
Exterior - Supplies	90	0	0	0	0	0	684	-300	0	0	0	0	474
Pest Control	167	167	167	167	25	75	333	241	167	167	167	166	2,008
Trash Removal	936	935	936	942	945	942	954	956	981	1,093	1,007	982	11,610
Pool/Amenity - Supplies	102	0	0	0	0	224	277	343	0	0	113	0	1,059
Heating & A/C - Contract	68	0	0	0	76	0	0	0	0	0	0	0	144
Heating & A/C - Supplies	12	0	58	0	129	136	199	32	0	200	10	0	775
Plumbing - Contract	20	0	0	0	0	0	0	0	0	0	0	0	20
Plumbing - Supplies	28	18	57	0	0	35	44	31	0	15	45	0	274
Electrical Repairs - Contract	8	0	0	0	0	0	0	0	0	0	0	0	8
Electrical - Supplies	239	21	63	0	64	149	137	91	0	84	201	0	1,049
Maintenance Supplies	19	38	0	0	34	16	13	18	0	0	0	0	137
Cleaning Supplies	261	64	39	0	105	159	257	-127	0	128	45	0	930

City Parc II @ West Oaks Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Appliance Repairs	15	0	65	0	0	45	45	64	0	0	0	0	235
Locks & Keys	32	0	0	0	102	26	16	26	0	97	57	0	355
Total Maintenance	3.347	2,602	2.737	2.460	3.055	4,572	4,311	2,824	1,495	3.135	2,997	2,499	36,034
Make Ready													
Make Ready - Contract	0	0	0	0	0	0	0	0	0	0	341	0	341
Make Ready - Supplies	0	27	9	0	580	98	52	-41	0	0	15	0	738
Cleaning Contract	13	0	0	0	0	0	0	0	0	0	0	0	13
Carpet Cleaning/Repairs	65	644	260	0	334	563	152	637	631	667	0	462	4,414
Painting Contract & Supplies	1,640	2,399	192	0	1,654	6,325	86	217	6,882	915	0	515	20,825
Total Make Ready	1,718	3,069	460	0	2,568	6.986	289	813	7.513	1,582	356	977	26,331
Utilities													
Electricity-Office/Common	1,981	719	1,533	1,577	1,607	2,419	735	720	1,694	2,228	2,089	1,987	19,288
Electricity-Vacant Units	934	1,013	347	650	1,609	600	1,844	2,331	1,796	2,324	881	1,700	16,028
Water & Sewer	4,120	6,101	5,557	4.913	5,442	5.638	6.029	5,469	5,439	5.620	5,984	4,900	65,213
Total Utilities	7,035	7,833	7.438	7,140	8,657	8,657	8,608	8,519	8.929	10,173	8,954	8.587	100,528
Property Taxes													
Ad Valorem Tax	18.482	18.482	18,482	18,482	18,482	18,482	18.482	18.482	18,482	18,575	15,180	0	200,093
Total Property Taxes	18,482	18,482	18,482	18.482	18,482	18,482	18,482	18,482	18,482	18,575	15,180	0	200,093
Property Insurance													
Insurance	12.521	4,174	4,174	4.174	4,174	4,174	4.174	8,367	3,026	3,026	3.026	-8,560	46.449
Total Property Insurance	12.521	4.174	4,174	4,174	4,174	4.174	4,174	8,367	3.026	3,026	3,026	-8,560	46,449
Total Operating Expenses	86,562	61,855	57,496	65.955	61,882	69,741	65,422	61,077	60,663	64,829	49,900	33,741	739,121
Net Operating Income	38,327	60,690	73,259	61,966	72,511	39,902	57,329	53.188	57,585	73.485	67,722	120,391	776,355
Debt Service													
Debt Service (WFB)	72,833	72,805	72,776	72,748	72,719	72,690	72,661	72,631	72,602	72,572	72,543	72.513	872,092
Total Debt Service	72,833	72,805	72,776	72,748	72,719	72,690	72,661	72.631	72,602	72,572	72,543	72,513	872,092
Reserves													
Total Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Cash Flow	-34,506	-12,115	483	-10,782	-207	-32,788	-15.332	-19,443	-15,017	913	-4.821	47,878	-95,736
Other Expenses													
Partnership Expense	5,000	0	0	0	0	0	4,667	667	667	667	667	667	13,000

City Parc II @ West Oaks Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Total Other Expenses	5,000	0	0	0	0	0	4,667	667	667	667	667	667	13,000
B/S Changes													
Total B/S Changes	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Items & Non Routine													
Floor Covering	0	690	143	0	2,296	1.463	0	0	5,443	0	0	0	10,035
Window Cover	0	423	51	0	87	239	227	194	0	223	100	0	1,543
Life Safety	0	0	0	0	0	0	0	0	0	2,130	0	0	2,130
Exterior Bldg	0	0	0	0	300	0	0	0	0	0	0	0	300
Total Capitl & Non Routine	0	1,113	193	0	2,684	1,702	227	194	5,443	2.353	100	0	14,008
Net Income	-39.506	-13.227	289	-10,782	-2,891	-34,490	-20,225	-20,304	-21,127	-2,107	-5,587	47,211	-122,745

City Parc @ West Oak Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Revenue													
Rental Income	128,352	128,352	128,352	132,552	132,552	132,552	132,552	132,552	132,552	132,552	132,552	132,552	1,578,024
Gain(Loss) To Old Lease	-1,628	-1,674	-1,668	-5,514	-5,336	-4,014	-4,918	-4,860	-3,891	-4,959	-7,629	-2,766	-48,856
Scheduled Rent	126,724	126,678	126,684	127,038	127,216	128,538	127,634	127,692	128,661	127,593	124,923	129,786	1,529,168
Rent Loss													
Vacancy Loss	-11,933	-10,186	-10,904	-9,430	-12,323	-13,876	-17,367	-20,101	-14,706	-7,124	-6,563	-5,686	-140,199
Uncollectible - Rent	-1,418	-11,446	-7,242	-2,974	-574	-604	-8,261	-4,562	-12,697	-19,398	-10,684	-1,897	-81,756
Promotion/Concessions	-4,559	-2,198	-1,791	-3,637	-1,753	-1,184	-3,177	-805	-4,776	-1,847	-2,207	-2,191	-30,126
Total Rent Loss	-17,911	-23,831	-19,936	-16,040	-14,650	-15,665	-28,805	-25,468	-32,178	-28,369	-19,455	-9,773	-252,080
Total Rental Income	108,813	102,847	106,748	110,998	112,567	112,873	98,829	102,225	96,483	99,224	105,469	120,013	1,277,088
Other Rental Income													
Cleaning / Damages	173	237	110	1,415	1,327	0	105	575	606	0	0	0	4,548
Vending Income	0	369	147	50	0	0	272	1,918	0	0	259	32	3,047
Utility Income	451	818	7,957	2,819	3,491	3,177	1,687	1,019	3,941	579	785	1,077	27,800
Late Charges	3,000	1,635	1,210	1,789	1,810	1,785	1,462	1,580	1,466	722	758	345	17,562
NSF Charges	150	100	225	150	50	150	50	150	100	75	0	50	1,250
Amenity Income	0	0	0	936	0	0	900	0	0	858	0	35	2,729
Miscellaneous Income	1,404	0	665	710	994	500	91	25	1,303	83	163	1,402	7,340
Application Fees	590	525	210	210	455	350	140	780	630	0	0	35	3,925
Interest Income	0	306	26	0	5	5	2,548	3	0	0	0	0	2,893
Total Other Rental Income	5,768	3,990	10,550	8,080	8,132	5,968	7,254	6,050	8,046	2,317	1,965	2,976	71,094
Total Revenue	114,581	106,837	117,298	119,078	120,699	118,841	106,083	108,274	104,528	101,541	107,433	122,989	1,348,182
OPERATING EXPENSES													
Salaries & Payroll													
Manager	1,628	1,627	1,627	2,322	0	0	2,429	1,615	1,615	885	1,193	1,655	16,597
Assistant Manager	2,160	2,160	2,147	0	2,680	2,433	3,219	2,277	2,132	305	0	0	19,511
Leasing Agent(s)	1,660	1,600	1,600	1,630	1,705	1,805	2,400	1,600	1,680	1,630	1,750	2,160	21,220
Head Maintenance	2,391	2,485	2,443	2,415	2,618	2,510	3,633	2,639	2,688	2,387	2,377	3,171	31,756
Make Ready	1,751	1,790	1,869	1,798	1,956	1,817	2,649	1,911	2,087	1,806	1,806	2,457	23,696
Contract Labor - Maintenance	644	0	0	0	410	0	0	0	0	0	0	0	1,054
Apt Allow - Courtesy Officer	710	710	710	710	710	710	710	710	710	710	379	720	8,199
Commissions/Bonuses	0	630	625	470	290	0	445	591	880	0	0	1,000	4,931
Mileage/Travel	0	0	0	0	0	0	0	0	0	38	122	189	350
Apt Allow - Employee	691	691	691	691	691	691	691	691	691	691	691	1,426	9,027
Payroll Taxes	1,480	1,589	1,531	1,217	923	778	1,577	1,041	997	524	539	791	12,989
Worker's Comp	662	710	711	596	638	438	724	521	543	344	349	512	6,748
Group Benefits	1,118	1,118	1,118	1,140	1,274	1,140	989	1,423	1,993	1,274	1,423	989	14,996
Payroll Processing Fee	50	50	50	50	50	50	50	50	50	50	50	50	600

City Parc @ West Oak Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Total Salaries & Payroll	14,944	15,160	15,122	13,039	13,944	12,371	19,516	15,069	16,066	10,644	10,678	15,120	171,672
General & Administrative													
Office Supplies/Forms	66	0	134	43	0	259	62	124	0	178	103	0	969
Telephone/Internet Lines	552	560	551	497	429	507	492	423	568	453	467	495	5,995
Answering Service/Pagers	79	206	130	49	0	154	0	92	0	46	44	51	849
Postage / Delivery	103	43	40	243	48	53	158	195	0	94	42	0	1,020
Dues/Memberships/Subscriptions	211	0	0	0	0	0	273	0	0	0	132	-132	484
Seminars/Training	0	0	0	0	0	0	0	0	31	106	106	106	349
Office Equipment R & M	432	693	394	409	469	406	702	459	394	308	469	357	5,492
Computer Repairs/Supplies	440	38	38	38	38	38	38	38	38	38	38	1,445	2,259
Employee Recruiting Costs	0	0	0	0	16	0	79	0	0	42	42	42	220
Evictions	268	0	406	435	0	268	800	0	0	1,072	595	591	4,435
Outside Legal/Professional	499	0	713	0	0	0	0	0	0	6,514	0	3,266	10,992
Bank Charges	156	59	82	86	73	82	76	129	27	69	31	30	902
Total General & Admin.	2,805	1,598	2,487	1,800	1,072	1,767	2,681	1,460	1,058	8,918	2,069	6,251	33,966
Management Fee	4,270	4,646	4,527	4,084	3,754	4,096	3,753	3,677	3,698	3,202	8,840	4,503	53,051
Total Management Fees	4,270	4,646	4,527	4,084	3,754	4,096	3,753	3,677	3,698	3,202	8,840	4,503	53,051
Leasing													
Credit Reports	0	173	165	173	156	216	381	121	225	165	614	225	2,615
Advertising	770	770	770	770	111	770	770	770	770	257	1,027	1,027	8,581
Locator/Broker Fees	0	700	700	0	0	0	350	350	0	467	467	117	3,150
Social Program	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Resident Retention	0	300	0	97	53	59	0	1,830	800	200	0	0	3,339
Other Marketing Costs	0	0	0	0	0	0	0	55	0	11	0	8	74
Total Leasing	1,370	2,543	2,235	1,640	920	1,645	2,101	3,726	2,395	1,699	2,708	1,977	24,960
Maintenance													
Life Safety	27	434	59	199	59	0	27	27	59	573	225	465	2,155
Landscape Contract	1,228	1,228	1,228	1,228	1,228	1,228	2,455	1,228	0	1,228	1,228	1,228	14,732
Yard & Grounds	0	0	0	0	0	0	3	0	0	0	0	0	3
Pest Control	146	146	146	146	146	194	0	0	0	0	0	0	924
Trash Removal	885	878	884	885	887	888	916	918	922	926	0	1,938	10,927
Pool/Amenity - Supplies	0	0	0	0	0	119	0	780	0	83	83	83	1,149
Heating & A/C - Supplies	30	61	0	38	0	97	25	170	0	294	105	120	939
Plumbing - Supplies	19	0	25	0	0	67	99	56	0	84	0	5	354
Electrical Repairs - Contract	106	76	0	0	73	0	0	0	0	0	0	0	254
Electrical - Supplies	131	75	16	58	0	56	0	433	0	53	17	44	883
Maintenance Supplies	64	37	4	57	0	15	19	11	0	51	351	9	617
Cleaning Supplies	110	0	83	85	0	0	13	191	0	107	77	77	744
Appliance Repairs	38	42	37	0	0	24	0	139	0	0	0	76	355
Locks & Keys	0	42	30	0	0	0	0	0	102	433	94	312	1,013
Total Maintenance	2,784	3,019	2,513	2,696	2,393	2,687	3,556	3,952	1,084	3,831	2,180	4,356	35,051

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Make Ready													
Make Ready - Contract	0	0	0	0	0	0	0	0	0	197	197	197	590
Make Ready - Supplies	79	0	4	0	467	296	378	-267	0	172	67	67	1,263
Cleaning Contract	0	0	0	0	0	0	0	0	0	0	0	3,735	3,735
Carpet Cleaning/Repairs	241	561	258	493	541	614	141	746	179	67	1,341	391	5,572
Painting Contract & Supplies	840	995	234	204	0	0	0	188	0	2,629	1,373	4,223	10,686
Total Make Ready	1,160	1,556	496	697	1,008	910	519	666	179	3,064	2,978	8,613	21,846
Utilities													
Electricity-Office/Common	1,685	1,793	1,449	1,509	1,608	1,857	2,225	2,257	2,361	2,061	1,770	1,957	22,532
Electricity-Vacant Units	870	1,066	529	492	525	447	1,046	1,084	1,725	3,414	2,298	1,953	15,448
Water & Sewer	7,580	4,135	4,750	3,809	4,580	2,906	6,785	5,030	4,371	4,839	6,557	2,002	57,343
Total Utilities	10,135	6,994	6,727	5,811	6,713	5,210	10,055	8,372	8,457	10,313	10,625	5,911	95,324
Property Taxes													
Ad Valorem Tax	17,681	17,681	17,681	17,681	17,681	17,681	17,681	17,681	17,681	22,682	13,098	4,908	199,817
Total Property Taxes	17,681	17,681	17,681	17,681	17,681	17,681	17,681	17,681	17,681	22,682	13,098	4,908	199,817
Property Insurance													
Insurance	3,706	3,706	3,706	3,706	3,307	3,626	3,626	6,876	2,652	2,652	2,652	-7,375	32,840
Total Property Insurance	3,706	3,706	3,706	3,706	3,307	3,626	3,626	6,876	2,652	2,652	2,652	-7,375	32,840
Total Operating Expenses	58,855	56,904	55,493	51,153	50,792	49,993	63,487	61,480	53,270	67,006	55,829	44,264	668,526
Net Operating Income	55,726	49,933	61,805	67,924	69,907	68,848	42,596	46,795	51,258	34,535	51,605	78,725	679,655
Debt Service													
Debt Service (WFB)	60,203	60,156	60,132	60,107	60,083	60,083	57,677	57,769	57,629	57,605	57,581	57,557	706,582
Total Debt Service	60,203	60,156	60,132	60,107	60,083	60,083	57,677	57,769	57,629	57,605	57,581	57,557	706,582
Reserves													
Total Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Cash Flow	-4,477	-10,223	1,673	7,817	9,824	8,764	-15,081	-10,975	-6,371	-23,070	-5,976	21,169	-26,926
Other Expenses													
Partnership Expense	0	0	0	0	750	2,862	5,282	667	667	667	3,167	3,167	17,227
Total Other Expenses	0	0	0	0	750	2,862	5,282	667	667	667	3,167	3,167	17,227
B/S Changes													

City Parc @ West Oak Apartments
Income Statement
Twelve-period trend with actual period totals through December 31, 2005

Description	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Total
Total B/S Changes	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Items & Non Routine													
Floor Covering	1,600	0	1,619	0	0	701	2,519	-528	0	2,539	278	278	9,005
Window Cover	0	32	32	71	0	61	287	65	0	152	0	0	700
Appliances	0	0	0	0	0	0	0	0	3,371	-3,371	0	0	0
Life Safety	0	0	0	0	0	750	0	0	0	0	0	0	750
Heating & A/C	0	0	0	0	0	0	0	0	1,239	-1,239	0	0	0
Parking Lot	0	0	0	0	0	0	0	0	0	625	0	0	625
Total Capitl & Non Routine	1,600	32	1,651	71	0	1,511	2,806	-464	4,610	-1,294	278	278	11,080
Net Income	-6,077	-10,255	22	7,746	9,074	4,391	-23,169	-11,177	-11,648	-22,443	-9,421	17,724	-55,233

MONTHLY FINANCIAL PACKAGE

Property Code/Name: 106 City Parc at West Oaks

Accounting Period: December-04

Financial Reporting Package:

- [X] Cover Sheet Checklist
- [X] Income Statement-P&L Variance Report
- [X] Twelve (12) Month Profit & Loss Statement
- [X] Balance Sheet
- [X] Unit Statistics Report
- [X] General Ledger
- [X] Rent Roll
- [X] Delinquent Residents Report

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
Income						
Gross Potential Rental Income						
PM-Gross Potential Rent-Apartments	$ 131,612	$ 128,352	$ 3,260	$ 1,562,764	$ 1,552,320	$ 10,444
PM-Rent Below Current Market Value		(1,507)	1,507		(23,515)	23,515
Gross Potential Rental Income	$ 131,612	$ 126,845	$ 4,767	$ 1,562,764	$ 1,528,805	$ 33,959
Vacancies & Rent Adjustments						
PM-Vacancy Loss-Apartments	$ (7,897)	$ (11,852)	$ 3,955	$ (66,411)	$ (137,163)	$ 70,752
PM-Bad Debts & Collection Loss	(1,974)	(6,149)	4,175	(23,441)	(149,162)	125,721
PM-Rent Concessions	(750)	(7,237)	6,487	(9,000)	(61,764)	52,764
PM-NRP Employee Units	(1,420)	(1,429)	9	(17,040)	(20,387)	3,347
Vacancies & Rent Adjustments	$ (12,041)	$ (26,667)	$ 14,626	$ (115,892)	$ (368,476)	$ 252,584
Other Income						
PM-Laundry Facility Revenue	$ 300	$ 232	$ 68	$ 3,600	$ 1,495	$ 2,105
PM-Vending Machine Commissions					1,829	(1,829)
PM-NSF Charge	125		125	1,500	1,025	475
PM-Late Charges	1,500	1,887	(387)	18,000	21,720	(3,720)
PM-Damages and Cleaning Fees	125	15	110	1,500	11,743	(10,243)
PM-Lease Cancellation Fees					48,948	(48,948)
PM-Forfeited Security Deposits	100	8,266	(8,166)	1,200	9,565	(8,365)
PM-Application Fees	275	890	(615)	3,300	7,115	(3,815)
PM-Cable Income					1,204	(1,204)
PM-Electricity Rebillings		859	(859)		15,482	(15,482)
PM-Other Revenue	35	38	(3)	420	1,182	(762)
Other Income	$ 2,460	$ 12,187	$ (9,727)	$ 29,520	$ 121,308	$ (91,788)
Total Income	$ 122,031	$ 112,365	$ 9,666	$ 1,476,392	$ 1,281,637	$ 194,755
Cost of Rental Operations						
Variable Operating Expenses						
Direct Payroll Expenses						
PM-Manager Salaries	$ 1,875	$ 23,743	$ (21,868)	$ 22,500	$ 127,541	$ (105,041)
PM-Asst. Manager Salaries	1,950		1,950	23,400		23,400
PM-Leasing Agents Payroll	1,900		1,900	22,800		22,800
PM-Grounds Payroll	1,646		1,646	19,752		19,752
PM-Building Maintenance/Repair	2,430		2,430	29,160	1,178	27,982
PM-Maintenance Contract Labor		102	(102)		799	(799)
PM-Staff Bonuses	900	1,455	(555)	10,800	4,898	5,902
Direct Payroll Expenses	$ 10,701	$ 25,300	$ (14,599)	$ 128,412	$ 134,416	$ (6,004)
Payroll Taxes & Benefits						
PM-Payroll Taxes - FICA	$ 819	$ 1,387	$ (568)	$ 9,824	$ 9,472	$ 352
PM-Payroll Taxes - Medicare	160	164	(4)	1,926	2,088	(162)
PM-Payroll Taxes - SUTA	97	635	(538)	1,156	2,354	(1,198)
PM-Payroll Taxes - FUTA	81	89	(8)	982	493	489
PM-Payroll Taxes - Other					301	(301)
PM-Workmen's Compensation	321	783	(462)	3,852	4,654	(802)
PM-Health Insurance	589	1,366	(777)	7,063	3,843	3,220
PM-Staff Uniforms				200	431	(231)
PM-Other Employee Benefits					(2,577)	2,577
Payroll Taxes & Benefits	$ 2,067	$ 4,424	$ (2,357)	$ 25,003	$ 21,059	$ 3,944
Marketing & Leasing Expenses						
PM-Media Advertising - Magazines	$ 745	$ 745		$ 8,940	$ 11,135	$ (2,195)
PM-Media Advertising - Other					1,322	(1,322)
PM-Promotional Activities	50		50	600		600
PM-On Site Social Programs/Activities	500	600	(100)	1,700	6,034	(4,334)
PM - Resident Relations	50		50	600	46	554
PM-Coop/Commission Expense					4,639	(4,639)
PM-Brochures & Leasing Materials				1,500	1,012	488
PM-Other Renting Expenses	100	51	49	400	630	(230)
Marketing & Leasing Expenses	$ 1,445	$ 1,396	$ 49	$ 13,740	$ 24,818	$ (11,078)

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
Administrative Expenses						
PM-Computer Software & Support		$ 108	$ (108)		$ 674	$ (674)
PM-Rent Roll License & Support	10		10	120	963	(843)
PM-Small Computer Accessories					231	(231)
PM-Office Equipment - Copy Machine	260	566	(306)	3,120	3,763	(643)
PM-Office Security System - Monitoring	27	59	(32)	324	1,254	(930)
PM-Office Supplies	125		125	1,500	949	551
PM-Office Postage	35	55	(20)	420	911	(491)
PM-Legal Expense/Eviction Costs	201	1,238	(1,037)	1,742	6,881	(5,139)
PM-Telephone (Base & LD)	500	547	(47)	6,000	7,322	(1,322)
PM-Answering Services	75	103	(28)	900	1,394	(494)
PM-Credit Investigation Checks	200	243	(43)	2,400	2,122	278
PM - Business Meals					113	(113)
PM-Auto/Travel Expenses	35		35	420	263	157
PM-Meetings & Seminars					468	(468)
PM-Dues & Memberships				1,112	5,282	(4,170)
PM-Security Guard Service	1,300		1,300	15,600	600	15,000
PM-Bank Service Charges	20	52	(32)	240	768	(528)
PM-Late Payment Fees (Vendors)		(3,221)	3,221		7,928	(7,928)
PM-Miscellaneous Administrative Expens					109	(109)
Administrative Expenses	$ 2,788	$ (250)	$ 3,038	$ 33,898	$ 41,995	$ (8,097)
Utilities Expenses						
PM-Electricity Common Areas	$ 1,100	$ 1,422	$ (322)	$ 13,200	$ 19,889	$ (6,689)
PM-Electricity Standing Units	300	890	(590)	3,600	17,907	(14,307)
PM-Water Charges - Gross	3,500	4,212	(712)	42,000	58,685	(16,685)
PM-Sewer - Standing Units					32	(32)
PM-Garbage/Trash Pickup	770	857	(87)	9,240	9,639	(399)
Utilities Expenses	$ 5,670	$ 7,381	$ (1,711)	$ 68,040	$ 106,152	$ (38,112)
Operating & Maintenance Expenses						
PM-Exterminating Contract	$ 180	$ 146	$ 34	$ 2,160	$ 3,791	$ (1,631)
PM-Exterminating Supplies					80	(80)
PM-Grounds - General Supplies					90	(90)
PM-Grounds - Contract Maintenance	1,230	1,228	2	14,760	14,731	29
PM-Grounds - Annual Plantings				3,600	2,508	1,092
PM-Grounds - Maint. Gates & Fences		263	(263)		418	(418)
PM Grounds Swimming Pool supplies					616	(616)
PM-Building - General Supplies					487	(487)
PM-Building - Fire System Repairs/Main	20		20	240		240
PM - Building Generator/Service Repair					61	(61)
PM-Security System Repair/Maint.		70	(70)		276	(276)
PM-Building - Electrical Maintenance	40		40	480	567	(87)
PM-Building - Plumbing Maintenance	75		75	900	1,627	(727)
PM-Building - HVAC Systems Maint.	50		50	900	551	349
PM-Turnover-Janitorial/Cleaning Suppli	75		75	900	1,671	(771)
PM-Turnover - Floor Coverings	200	527	(327)	2,400	6,113	(3,713)
PM-Turnover - Paint & Wallcoverings	100	3,559	(3,459)	2,800	11,032	(8,232)
PM-Turnover - Window & Door Maint.					1,660	(1,660)
PM-Turnover - Furniture/Fixtures					10	(10)
PM-Turnover - Appliances					314	(314)
PM-Turnover - Window Coverings	50		50	880	447	433
PM- Turnover supplies					57	(57)
PM-Equipment Maint. & Repair					28	(28)
PM-Equipment - Small Tools					504	(504)
PM - Payroll fee					100	(100)
Operating & Maintenance Expenses	$ 2,020	$ 5,793	$ (3,773)	$ 30,020	$ 47,739	$ (17,719)
Management Fee						
PM-Management Fee	$ 6,102	$ 4,842	$ 1,260	$ 73,921	$ 61,920	$ 12,001
Management Fee	$ 6,102	$ 4,842	$ 1,260	$ 73,921	$ 61,920	$ 12,001
Total Variable Operating Expenses	$ 30,793	$ 48,886	$ (18,093)	$ 373,034	$ 438,099	$ (65,065)

Fixed Operating Expenses

Property Taxes, Permits & Licenses

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
PM-Real Estate Taxes	$ 17,596	$ 113,338	$ (95,742)	$ 211,152	$ 324,490	$ (113,338)
PM-Personal Property Taxes	85		85	1,020		1,020
Property Taxes, Permits & Licenses	$ 17,681	$ 113,338	$ (95,657)	$ 212,172	$ 324,490	$ (112,318)
Property Insurance						
PM-Property Insurance	$ 2,966	$ 18,280	$ (15,314)	$ 35,590	$ 50,906	$ (15,316)
PM-General Liability Insurance	1,080		1,080	12,960		12,960
PM-Other Insurance	215		215	2,578		2,578
Property Insurance	$ 4,261	$ 18,280	$ (14,019)	$ 51,128	$ 50,906	$ 222
Major Repairs & Replacements						
PM-Replacements Carpet/Flooring	$ 500	$ 620	$ (120)	$ 6,000	$ 12,916	$ (6,916)
PM-Replacements - Appliances		1,602	(1,602)		1,602	(1,602)
PM-Replacements - Window Coverings					468	(468)
Major Repairs & Replacements	$ 500	$ 2,222	$ (1,722)	$ 6,000	$ 14,986	$ (8,986)
Total Fixed Operating Expenses	$ 22,442	$ 133,840	$ (111,398)	$ 269,300	$ 390,382	$ (121,082)
Total Cost of Rental Operations	$ 53,235	$ 182,726	$ (129,491)	$ 642,334	$ 828,481	$ (186,147)
Other Income (Expense)						
Interest Expense						
EXP-Interest on Bank/Investor Loans	$ 63,438	$ 204,074	$ (140,636)	$ 761,256	$ 868,018	$ (106,762)
Interest Expense	$ 63,438	$ 204,074	$ (140,636)	$ 761,256	$ 868,018	$ (106,762)
Interest Income						
INC-Interest from Other Sources		$ 875	$ (875)		$ 1,030	$ (1,030)
Interest Income		$ 875	$ (875)		$ 1,030	$ (1,030)
Miscellaneous Income						
Partnership Administration						
PRTNR-Audit and Tax Return Fees		$ 1,750	$ (1,750)		$ 21,090	$ (21,090)
PRTNR-Other Taxes and Licenses				3,500		3,500
PRTNR-Other Partnership Admin Expense		(1,540)	1,540		21,210	(21,210)
Partnership Administration		$ 210	$ (210)	$ 3,500	$ 42,300	$ (38,800)
Fees to Partners & Affiliates						
Depreciation & Amortization						
Total Other Income	$ (63,438)	$ (203,409)	$ 139,971	$ (764,756)	$ (909,288)	$ 144,532
Net Income (Loss)	$ 5,358	$ (273,770)	$ 279,128	$ 69,302	$ (456,132)	$ 525,434

City Parc at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

March 16, 2005
2:06 pm

Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Total
Income														
106-45010	PM-Gross Potential Ren	$ 128,352	$ 128,352	$ 130,368	$ 130,368	$ 130,368	$ 130,368	$ 130,368	$ 130,368	$ 128,352	$ 128,352	$ 128,352	$ 128,352	$ 1,552,320
106-45110	PM-Rent Below Current		(76)	(1,906)	(2,605)	(1,661)	(2,447)	(2,041)	(6,712)	(1,245)	(1,535)	(1,780)	(1,507)	(23,515
Gross Potential Rental Income		$ 128,352	$ 128,276	$ 128,462	$ 127,763	$ 128,707	$ 127,921	$ 128,327	$ 123,656	$ 127,107	$ 126,817	$ 126,572	$ 126,845	$ 1,528,805
106-45210	PM-Vacancy Loss-Apartm	$ (5,064)	$ (3,731)	$ (6,242)	$ (8,359)	$ (17,404)	$ (14,540)	$ (15,055)	$ (13,427)	$ (12,692)	$ (14,577)	$ (14,221)	$ (11,852)	$ (137,164
106-45295	PM-Bad Debts & Collect	(108)	(29,835)	(10,274)	(5,142)	(8,731)	(26,818)	(6,170)	(18,216)	(15,801)	(16,109)	(5,806)	(6,149)	(149,159
106-45310	PM-Rent Concessions	2,050	(22)	(3,590)	(2,202)	(7,101)	(4,708)	(7,033)	(8,927)	(8,515)	(7,365)	(7,114)	(7,237)	(61,764
106-45320	PM-NRP Employee Units	(1,704)	(1,727)	(1,704)	(1,759)	(1,683)	(1,825)	(2,393)	(1,536)	(1,543)	(1,543)	(1,543)	(1,429)	(20,389
Vacancies & Rent Adjustments		$ (4,826)	$ (35,315)	$ (21,810)	$ (17,462)	$ (34,919)	$ (47,891)	$ (30,651)	$ (42,106)	$ (38,551)	$ (39,594)	$ (28,684)	$ (26,667)	$ (368,476
106-45510	PM-Laundry Facility Re			$ 406	$ 235		$ 402			$ 220			$ 232	$ 1,495
106-45530	PM-Vending Machine Com	336	1,122		255			116						1,829
106-45610	PM-NSF Charge	150	25	100	100	175	75	50		100	175	75		1,025
106-45620	PM-Late Charges	1,620	1,225	1,509	2,165	1,962	2,610	1,790	1,701	1,514	1,799	1,938	1,887	21,720
106-45660	PM-Damages and Cleanin	2,004	1,560	1,178	539	3,331	1,758	213		1,006	141		15	11,745
106-45670	PM-Lease Cancellation	30,936	12,792	2,238	1,008	696	11	558	706					48,945
106-45680	PM-Forfeited Security	1,299											8,266	9,565
106-45690	PM-Application Fees	315	315	420	455	490	630	495	735	385	785	1,200	890	7,115
106-45920	PM-Cable Income					624		580						1,204
106-45970	PM-Electricity Rebilli	2,308		2,282	1,488	2,183	829	756	1,409	1,504	1,027	839	859	15,484
106-45990	PM-Other Revenue	353	189	117			92			67		326	38	1,182
Other Income		$ 39,321	$ 17,228	$ 8,250	$ 6,245	$ 9,461	$ 6,407	$ 4,558	$ 4,551	$ 4,796	$ 3,927	$ 4,378	$ 12,187	$ 121,309
Total Income		$ 162,847	$ 110,189	$ 114,902	$ 116,546	$ 103,249	$ 86,437	$ 102,234	$ 86,101	$ 93,352	$ 91,150	$ 102,266	$ 112,365	$ 1,281,638
Cost of Rental Operations														
Variable Operating Expenses														
106-60010	PM-Manager Salaries	$ 5,566	$ 5,307	$ 7,626	$ 13,300	$ 10,081	$ 10,482	$ 8,934	$ 9,564	$ 9,762	$ 14,983	$ 8,194	$ 23,743	$ 127,542
106-60060	PM-Building Maintenanc			1,177										1,177
106-60070	PM-Maintenance Contrac	450	247										102	799
106-60090	PM-Staff Bonuses			785	125	685			758	545	545		1,455	4,898
Direct Payroll Expenses		$ 6,016	$ 5,554	$ 9,588	$ 13,425	$ 10,766	$ 10,482	$ 8,934	$ 10,322	$ 10,307	$ 15,528	$ 8,194	$ 25,300	$ 134,416
106-60101	PM-Payroll Taxes - FIC	$ 550	$ 528	$ 528	$ 1,079	$ 709	$ 698	$ 701	$ 733	$ 732	$ 1,106	$ 721	$ 1,387	$ 9,472
106-60103	PM-Payroll Taxes - Med	128	123	150	253	170	164	164	172	172	258	170	164	2,088
106-60105	PM-Payroll Taxes - SUT	244	237	293	258	109	91	92	98	95	145	56	635	2,353
106-60107	PM-Payroll Taxes - FUT	71	68	67	42	25	27	28	29	28	20		89	494
106-60109	PM-Payroll Taxes - Oth		301											301
106-60110	PM-Workmen's Compensat	509	509	509	508	508	509	509				309	783	4,653
106-60120	PM-Health Insurance	263	145	290		156				277	97	1,249	1,366	3,843
106-60130	PM-Staff Uniforms	218					213							431
106-60195	PM-Other Employee Bene	(160)	(256)	(352)	(344)	(259)	(242)	(225)	(224)	(224)	(289)			(2,575
Payroll Taxes & Benefits		$ 1,823	$ 1,655	$ 1,485	$ 1,796	$ 1,418	$ 1,460	$ 1,269	$ 808	$ 1,080	$ 1,337	$ 2,505	$ 4,424	$ 21,060
106-60210	PM-Media Advertising -	$ 2,368		$ 745	$ 1,623	$ 745	$ 1,184	$ 745	$ 745	$ 745	$ 745	$ 745	$ 745	$ 11,135
106-60215	PM-Media Advertising -	509	162	146			103	103	103		103	93		1,322
106-60225	PM-On Site Social Prog				1,200	600	600	600	600	600	634	600	600	6,034
106-60226	PM - Resident Relation										45			45
106-60240	PM-Coop/Commission Exp		1,489	700	350	1,050	700					350		4,639
106-60260	PM-Brochures & Leasing	101				101	101				711			1,014
106-60295	PM-Other Renting Expen	11	111	11		263	160	11		11			51	629

City Parc at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

March 16, 2005
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Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Total
Marketing & Leasing Expenses		$ 2,989	$ 1,762	$ 1,602	$ 3,173	$ 2,759	$ 2,848	$ 1,459	$ 1,448	$ 1,356	$ 2,238	$ 1,788	$ 1,396	$ 24,818
106-60303	PM-Computer Software &					$ 184				$ 280		$ 102	$ 108	$ 674
106-60305	PM-Rent Roll License &											963		963
106-60307	PM-Small Computer Acce				18	72					141			231
106-60313	PM-Office Equipment -	393	293	49	515	642	289	(289)	514	291	270	230	566	3,763
106-60315	PM-Office Security Sys		59	60	59	59	59	134	135	210	360	60	59	1,254
106-60320	PM-Office Supplies	9	107	141	17	66	43		66		500			949
106-60325	PM-Office Postage	47	44	84	36	254	57	61	45	23	183	21	55	910
106-60330	PM-Legal Expense/Evict			1,574	1,197	1,278	757	402		435			1,238	6,881
106-60340	PM-Telephone (Base & L	631	660	739	598	575	634	596	509	591	626	617	547	7,323
106-60343	PM-Answering Services	98	97	95	139	109	136	107	123	169	123	95	103	1,394
106-60350	PM-Credit Investigatio	122	54	95	125	330	371		260		280	243	243	2,123
106-60359	PM - Business Meals										114			114
106-60360	PM-Auto/Travel Expense	243									19			262
106-60363	PM-Meetings & Seminars	249	145				75							469
106-60365	PM-Dues & Memberships	163		2,137	251			164			177	2,389		5,281
106-60370	PM-Security Guard Serv		600											600
106-60380	PM-Bank Service Charge	47	27	34	53	50	45	132	79	137	51	60	52	767
106-60385	PM-Late Payment Fees (		80	4,117	687	400	1,353	609	602	665	639	1,996	(3,221)	7,927
106-60395	PM-Miscellaneous Admin		2,367	1,921	(4,288)						109			109
Administrative Expenses		$ 2,002	$ 4,533	$ 11,046	$ (593)	$ 4,019	$ 3,819	$ 1,916	$ 2,333	$ 2,801	$ 3,592	$ 6,776	$ (250)	$ 41,994
106-60413	PM-Electricity Common	$ 1,566	$ 1,519	$ 1,463	$ 1,355	$ 1,474	$ 1,977	$ 1,795	$ 1,822	$ 1,816	$ 1,989	$ 1,691	$ 1,422	$ 19,889
106-60415	PM-Electricity Standin	2,050	2,152	1,819	1,470	2,215	921	1,552	1,387	1,088	1,664	697	890	17,905
106-60423	PM-Water Charges - Gro	750	4,925	1,571	4,523	1,748	20,015	4,844	4,790	5,554	1,019	4,735	4,212	58,686
106-60435	PM-Sewer - Standing Un					32								32
106-60463	PM-Garbage/Trash Picku	770	1,540		1,633	1,414			857	857	856	857	857	9,641
Utilities Expenses		$ 5,136	$ 10,136	$ 4,853	$ 8,981	$ 6,883	$ 22,913	$ 8,191	$ 8,856	$ 9,315	$ 5,528	$ 7,980	$ 7,381	$ 106,153
106-60501	PM-Exterminating Contr	$ 146	$ 173	$ 146	$ 319	$ 146	$ 146	$ 1,626	$ 146	$ 146	$ 503	$ 146	$ 146	$ 3,789
106-60503	PM-Exterminating Suppl		46								34			80
106-60520	PM-Grounds - General S										90			90
106-60525	PM-Grounds - Contract	1,228	1,228	1,228	2,455		1,228	1,228	1,228	1,228	1,228	1,228	1,228	14,735
106-60530	PM-Grounds - Annual Pl	260			1,974						36	238		2,508
106-60540	PM-Grounds - Maint. Ga	65	90										263	418
106-60555	PM Grounds Swimming Po			214	325						77			616
106-60570	PM-Building - General			387			99							486
106-60576	PM - Building Generato		27								35			62
106-60578	PM-Security System Rep	135		71									70	276
106-60580	PM-Building - Electric	53	57	263	108	17					65			563
106-60585	PM-Building - Plumbing	254	75	299	48	74	274	163		163	280			1,630
106-60590	PM-Building - HVAC Sys		45	91	242	92					81			551
106-60605	PM-Turnover-Janitorial	397	327		491	377				15	64			1,671
106-60610	PM-Turnover - Floor Co	376	225	509	764	544	659	437	454	242	630	745	527	6,112
106-60615	PM-Turnover - Paint &	67	524	987	1,112	472		1,104	1,055	2,042	111		3,559	11,033
106-60620	PM-Turnover - Window &	525	39	45	360	398				294				1,661
106-60625	PM-Turnover - Furnitur										9			9
106-60630	PM-Turnover - Applianc	139	28		26						121			314
106-60635	PM-Turnover - Window C		58		389									447
106-60640	PM- Turnover supplies	33	24											57
106-60650	PM-Equipment Maint. &	16									12			28
106-60655	PM-Equipment - Small T	16	184		244						60			504
106-60715	PM - Payroll fee											100		100
Operating & Maintenance Expenses		$ 3,710	$ 3,150	$ 4,240	$ 8,857	$ 2,120	$ 2,406	$ 4,558	$ 2,883	$ 4,130	$ 3,436	$ 2,457	$ 5,793	$ 47,740

City Parc at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

March 16, 2005
2:06 pm

Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Total
106-60710	PM-Management Fee	$ 5,662	$ 6,234		$ 5,455	$ 11,220	$ 4,883	$ 4,830	$ 4,965	$ 4,413	$ 5,121	$ 4,295	$ 4,842	$ 61,920
Management Fee		$ 5,662	$ 6,234		$ 5,455	$ 11,220	$ 4,883	$ 4,830	$ 4,965	$ 4,413	$ 5,121	$ 4,295	$ 4,842	$ 61,920
Total Variable Operating Expenses		$ 27,338	$ 33,024	$ 32,814	$ 41,094	$ 39,185	$ 48,811	$ 31,157	$ 31,615	$ 33,402	$ 36,780	$ 33,995	$ 48,886	$ 438,101
Fixed Operating Expenses														
106-60810	PM-Real Estate Taxes	$ 32,266	$ 17,596	$ 35,192	$ 2,926	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 113,338	$ 324,490
Property Taxes, Permits & Licenses		$ 32,266	$ 17,596	$ 35,192	$ 2,926	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 17,596	$ 113,338	$ 324,490
106-60875	PM-Property Insurance	$ 3,553			$ 8,311	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 18,280	$ 50,906
Property Insurance		$ 3,553			$ 8,311	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 2,966	$ 18,280	$ 50,906
106-60910	PM-Replacements Carpet	$ 766	$ 766	$ 2,048	$ 2,134	$ 1,472	$ 805	$ 805			$ 2,884	$ 616	$ 620	$ 12,916
106-60915	PM-Replacements - Appl												1,602	1,602
106-60925	PM-Replacements - Wind		115			76	81			87	109			468
106-60990	PM - Replacement Reser	2,800			(2,800)									
Major Repairs & Replacements		$ 3,566	$ 881	$ 2,048	$ (666)	$ 1,548	$ 886	$ 805		$ 87	$ 2,993	$ 616	$ 2,222	$ 14,986
Total Fixed Operating Expenses		$ 39,385	$ 18,477	$ 37,240	$ 10,571	$ 22,110	$ 21,448	$ 21,367	$ 20,562	$ 20,649	$ 23,555	$ 21,178	$ 133,840	$ 390,382
Total Cost of Rental Operations		$ 66,723	$ 51,501	$ 70,054	$ 51,665	$ 61,295	$ 70,259	$ 52,524	$ 52,177	$ 54,051	$ 60,335	$ 55,173	$ 182,726	$ 828,483
Other Income(Expense)														
106-91200	EXP-Interest on Bank/I	$ 64,184	$ 60,455	$ 60,433	$ 56,637	$ 60,388	$ 60,365	$ 60,343	$ 60,320	$ 60,297	$ 60,273	$ 60,250	$ 204,074	$ 868,019
Interest Expense		$ 64,184	$ 60,455	$ 60,433	$ 56,637	$ 60,388	$ 60,365	$ 60,343	$ 60,320	$ 60,297	$ 60,273	$ 60,250	$ 204,074	$ 868,019
106-93200	INC-Interest from Othe				$ 154								$ 875	$ 1,029
Interest Income					$ 154								$ 875	$ 1,029
Miscellaneous Income														
106-97200	PRTNR-Audit and Tax Re								$ 17,500		$ 1,545	$ 295	$ 1,750	$ 21,090
106-97400	PRTNR-Other Partnershi				20,450		2,300						(1,540)	21,210
Partnership Administration					$ 20,450		$ 2,300		$ 17,500		$ 1,545	$ 295	$ 210	$ 42,300
Fees to Partners & Affiliates														
Depreciation & Amortization														
Total Other Income(Expense)		$ (64,184)	$ (60,455)	$ (60,433)	$ (76,933)	$ (60,388)	$ (62,665)	$ (60,343)	$ (77,820)	$ (60,297)	$ (61,818)	$ (60,545)	$ (203,409)	$ (909,290
Net Income (Loss)		$ 31,940	$ (1,767)	$ (15,585)	$ (12,052)	$ (18,434)	$ (46,487)	$ (10,633)	$ (43,896)	$ (20,996)	$ (31,003)	$ (13,452)	$ (273,770)	$ (456,135

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Balance Sheet
December 31, 2004

Assets

Current Assets

Cash Available for Operations			
106-10100	Cash-Bank One Operating	$ 4,511	
106-10110	Cash-AmSouth Partnership	126,278	
106-10120	Cash-Wachovia Partnership	291	
106-10480	Petty Cash	500	
Cash Available for Operations		$ 131,580	
Restricted Reserves and Escrow Cash			
106-10500	Resident Security Deposits	$ 2,142	
106-10600	WF-Replacement Reserve	48,270	
106-10800	WF-Tax & Insurance Reserve	106,826	
106-10835	WF Bond-Construction Fund	392,864	
106-10840	WF Bond-Revenue Fund	1	
106-10845	WF Bond-Expense Fund	20,455	
Restricted Reserves and Escrow Cash		$ 570,558	
Trade and Other Receivables			
106-11105	AR-Residents	$ 22,723	
106-11300	Due from Affiliates	6,923	
Trade and Other Receivables		$ 29,646	
Prepaid Expenses			
106-13000	Prepaid Expense	$ 194,835	
Prepaid Expenses		$ 194,835	
Construction in Process (Job Cost Control)			
Total Current Assets			$ 926,619

Long Term Assets

Property, Plant & Equipment			
106-15100	Land	$ 953,544	
106-15200	Land Improvements	1,483,663	

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Balance Sheet
December 31, 2004

106-15300	Buildings	$ 10,662,668	
106-15400	Furnishings & Equipment	597,725	
106-15440	Computer equipment & softw	10,954	
106-15500	Accumulated Depreciation &	(365,199)	
Property, Plant & Equipment		$ 13,343,355	
Land Held for Investment or Future Development			
Other Assets			
106-19131	Loan Costs-Permanent	$ 472,618	
106-19135	Accum Amort-Permanent	(95,317)	
106-19950	Other Assets	4,200	
Other Assets		$ 381,501	
Total Long Term Assets			$ 13,724,856
Total Assets			**$ 14,651,475**

City Parc at West Oaks
WestOaks/FinlayPartnersIII, LP
Balance Sheet
December 31, 2004

Liabilities and Equity

Current Liabilities

Trade Accounts Payables & Retainage			
106-20000	Accounts Payable	$ 372,392	
Trade Accounts Payables & Retainage		$ 372,392	
Accrued Expenses			
106-21100	Accrued expenses	$ 29,139	
106-21300	Accrued Interest	60,203	
106-21310	Accrued Interest-Developer	84,465	
106-21400	Accrued Property Taxes	219,591	
Accrued Expenses		$ 393,398	
Security Deposits & Escrow Liability			
106-22000	Security Deposits & Escrow	$ 25,367	
106-22002	Security Deposit-Refunds i	351	
Security Deposits & Escrow Liability		$ 25,718	
Deferred Income			
106-23010	Prepaid Rents	$ 18,641	
Deferred Income		$ 18,641	
Total Current Liabilities			$ 810,149

Long Term Liabilities

Accrued Developer & Gen Ptnr Fees Payable			
106-25000	Accrued Developer & GenPtn	$ 1,669,756	
Accrued Dev & Gen Ptnr Fees Payable		$ 1,669,756	
Notes & Mortgages Payable			
106-26100	Wells Fargo-Construction L	$ 10,104,028	
106-26150	Bridged Equity	3,573,013	
Notes & Mortgages Payable		$ 13,677,041	

Total Long Term Liabilities		$ 15,346,797
Total Liabilities		**$ 16,156,946**
Equity		
Partners Equity		
Retained Earnings		
Prior Year Retained Earnin	$ (1,049,338)	
Net Income	(456,133)	
Retained Earnings	$ (1,505,471)	
Total Equity		$ (1,505,471)
Total Liabilities & Equity		**$ 14,651,475**

01/20/05 FINLAY MANAGEMENT, INC Page 1
10:44 am City Parc At West Oaks ID 3.6.4

Unit Statistics

As Of: 25 Dec 2004

PHYSICAL OCCUPANCY:	Occupied	Pct	Vacant	Pct	Total	OCCUPANCY PERCENT:	Excl. Off-Line	Incl. Off-Line
Square Footage.:	170,253	90.8%	17,235	9.2%	187,488	Incl. Vac. Leased.:	94.0%	94.0%
Unit Count.:	153	91.1%	15	8.9%	168	Excl. Vac. Leased.:	91.1%	91.1%

EXPOSURE TO VACANCY:	Number	Pct
Currently Vacant Units.:	15	8.9%
Less Vacant Leased.:	-5	3.0%
Less Occupied Pre-Leased.:	-1	0.6%
Plus Occupied On Notice.:	3	1.8%
Occupied But Skipped.:	0	0.0%
Net Exposure To Vacancy.:	12	7.1%

MOVES/TRANSFERS:	
Dec In.:	8
Dec Out.:	6

MAKE-READY STATUS.:	Number	Pct
Total Vacant Units.:	15	100.0%
Ready To Rent (Y).:	4	26.7%
Need Make-Ready (N).:	11	73.3%
Off-Line Down (D).:	0	0.0%
Off-Line Admin (A).:	0	0.0%

RENTAL RATES:	Occupied	/SqFt	Pct	Vacant	/SqFt	Pct	Total	/SqFt	Pct
Scheduled Rent.:	116,622.00	0.685	90.9%	11,730.00	0.681	9.1%	128,352.00	0.685	100.0%
Actual Status.:	115,055.00	0.676	89.6%	11,730.00	0.681	9.1%	126,785.00	0.676	98.8%
Loss To Lease.:	1,567.00	0.009	1.2%						

STATUS OF UNIT TYPES, SUBTOTALED BY FIRST 8 CHARACTERS OF UNIT TYPE:

Unit Type	Total Units	# Occ.	% Occ.	Avg. SqFt	Occup. SqFt	Total SqFt	Sch. $ /Unit	Avg. $ /SqFt	Act. $ /Unit	Rent /SqFt	Sched. Rent	Loss To Lease	Made Rdy.	Not Rdy.	OffLn Adm.	OffLn Down
B1	84	79	94%	1017	80343	85428	710.00	0.698	697.99	0.686	59640.00	949.00	2	3	0	0
C1	84	74	88%	1215	89910	102060	818.00	0.673	809.65	0.666	68712.00	618.00	2	8	0	0
2	168	153	91%	1116	170253	187488	764.00	0.685	751.99	0.676	128352.00	1567.00	4	11	0	0

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106 WestOaks/FinlayPartnersIII, LP (12-01-2004 - 12-31-2004)								
106-10100 Cash-Bank One Operating								
12-01-2004	CMD	106WOB1O	batch 1	Deposit		3,928.30		
12-01-2004	CMD	106WOB1O		Deposit		6,942.50		
12-01-2004	CMA	106WOB1O		Wire from Finlay		87,215.52		
12-01-2004	CR			Summary Entry			87,994.08-	
12-02-2004	CMD	106WOB1O		Deposit		9,921.00		
12-02-2004	CR			Summary Entry			5,861.78-	
12-03-2004	CMD	106WOB1O		Deposit		22,643.00		
12-06-2004	CMD	106WOB1O		Deposit		34,028.50		
12-06-2004	CMD	106WOB1O	batch 6	Deposit		2,293.00		
12-06-2004	CMD	106WOB1O	batch 7	Deposit		2,962.00		
12-07-2004	CMD	106WOB1O		Deposit		1,754.00		
12-07-2004	CR			Summary Entry			90,005.22-	
12-08-2004	CMD	106WOB1O		Deposit		4,785.00		
12-08-2004	CR			Summary Entry			6,915.90-	
12-08-2004	CR	220047	0267279/	(Rev)1101-1308			12.00	
12-08-2004	CR	220047	0267279/	(Rev)1101-1308			1.20	
12-08-2004	CR	220047	0267289/	(Rev)2101-2308			576.00	
12-08-2004	CR	220047	0267289/	(Rev)2101-2308			57.60	
12-08-2004	CR	220047	0267290/	(Rev)4101-4308			318.30	
12-08-2004	CR	220047	0267290/	(Rev)4101-4308			20.64	
12-08-2004	CR	220047	0267291/	(Rev)6101-6308			576.00	
12-08-2004	CR	220047	0267291/	(Rev)6101-6308			57.60	
12-08-2004	CR	220047	0267293/	(Rev)Spr			316.20	
12-08-2004	CR	220047	0267293/	(Rev)Spr			19.66	
12-08-2004	CR	220047	0267295/	(Rev)2101-2308			12.00	
12-08-2004	CR	220047	0267295/	(Rev)2101-2308			1.20	
12-08-2004	CR	220047	0267296/	(Rev)3101-3308			576.00	
12-08-2004	CR	220047	0267296/	(Rev)3101-3308			57.60	
12-08-2004	CR	220047	0267297/	(Rev)5101-5308			61.90	
12-08-2004	CR	220047	0267297/	(Rev)5101-5308			1.20	
12-08-2004	CR	220047	0267299/	(Rev)7101-7308			288.00	
12-08-2004	CR	220047	0267299/	(Rev)7101-7308			57.60	
12-08-2004	CR	220047	0267300/	(Rev)7101-7308			278.10	
12-08-2004	CR	220047	0267300/	(Rev)7101-7308			20.88	
12-08-2004	CR	220047	0267301/	(Rev)3101-3308			12.00	
12-08-2004	CR	220047	0267301/	(Rev)3101-3308			1.20	
12-08-2004	CR	220047	0267302/	(Rev)5101-5308			576.00	
12-08-2004	CR	220047	0267302/	(Rev)5101-5308			57.60	
12-08-2004	CR	220047	0267304/	(Rev)Maint			24.00	
12-08-2004	CR	220047	0267304/	(Rev)Maint			2.40	
12-08-2004	CR	220047	0267305/	(Rev)1101-1308			576.00	
12-08-2004	CR	220047	0267305/	(Rev)1101-1308			57.60	
12-08-2004	CR	220047	0267307/	(Rev)4101-4308			288.00	
12-08-2004	CR	220047	0267307/	(Rev)4101-4308			57.60	
12-08-2004	CR	220047	0267308/	(Rev)6101-6308			12.00	
12-08-2004	CR	220047	0267308/	(Rev)6101-6308			1.20	
12-08-2004	CR	220047	0267309/	(Rev)Clubhouse			25.62	
12-08-2004	CR	220047	0267309/	(Rev)Clubhouse			4.32	
12-09-2004	CMD	106WOB1O		Deposit		3,610.00		
12-09-2004	CMA	106WOB1O		NSF - Daniels			853.00-	
12-10-2004	CMA	106WOB1O		returned ck			853.00-	
12-10-2004	CMA	106WOB1O		ret'd ck fee			6.00-	
12-13-2004	CMD	106WOB1O		Deposit		1,798.00		
12-15-2004	CR			Summary Entry			2,390.34-	
12-16-2004	CMD	106WOB1O		Deposit		814.00		
12-16-2004	CR			Summary Entry			7,698.08-	
12-20-2004	CMD	106WOB1O		Deposit		8,154.76		
12-20-2004	CMD	106WOB1O	fr secur	from security acct		2,790.35		
12-21-2004	CMD	106WOB1O		Deposit		1,774.00		
12-21-2004	CR			Summary Entry			3,253.88-	
12-23-2004	CMD	106WOB1O		Deposit		1,166.00		
12-24-2004	CMD	106WOB1O		Deposit		400.00		
12-25-2004	CMD	106WOB1O		Deposit		1,484.00		
12-27-2004	CMD	106WOB1O		10-1-04 PR		865.39		
12-29-2004	CR			Summary Entry			13,194.78-	
12-29-2004	CR	550135	28149720	(Rev)281 497-2001 149 6			508.08	
12-29-2004	CR	550135	28149720	(Rev)281 497-2001 149 6			33.40	
12-29-2004	CR			Summary Entry			574.88-	
12-30-2004	CR	020468	Dec04Hea	(Rev)Dec 2004 Health Insurance			1,969.20	
12-31-2004	GL	ar1204-9		Reverse audit entry		8,737.00		
12-31-2004	CMD	106WOB1O		from security		2,054.41		
12-31-2004	CMA	106WOB1O		service fee			34.64-	
12-31-2004	CMA	106WOB1O		dup. NSF		853.00		
Total Account 106-10100 - Cash-Bank One Operating					5,657.00*	210,973.73*	212,119.68-*	4,511.05*
106-10110 Cash-AmSouth Partnership								
12-07-2004	CMD	106WOPTR		Deposit from Operating		85,000.00		
12-07-2004	CMD	106WOPTR	DepGrn	Deposit from Greencrest		106,000.00		
12-08-2004	CMW	106WOPTR		Wire to Wells Fargo - Greencre			105,497.71-	
12-08-2004	CMW	106WOPTR		Wire to Wells Fargo -Mortgage			84,475.92-	
12-08-2004	CR			Summary Entry			5,005.22-	
12-14-2004	CMD	106WOPTR		Wire from Wachovia		180,000.00		
12-14-2004	CMD	106WOPTR		(REV) Wire from Wachovia		180,000.00-		
12-14-2004	CMD	106WOPTR		Wire from Wachovia		180,000.00		
12-14-2004	CMW	106WOPTR		Wire to FDI			100,000.00-	
12-30-2004	CMD	106WOPTR		Wire from FDI(Finlay LLC)		50,000.00		
Total Account 106-10110 - Cash-AmSouth Partnership					256.55*	421,000.00*	294,978.85-*	126,277.70*
106-10120 Cash-Wachovia Partnership								
12-31-2004	GL	SH123120		Record bank fees ptnrship 2004			180.00-	
Total Account 106-10120 - Cash-Wachovia Partnership					471.17*	.00*	180.00-*	291.17*

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-10480 Petty Cash								
				Total Account 106-10480 - Petty Cash	500.00*	.00*	.00*	500.00*
106-10500 Resident Security Deposits								
12-08-2004	CR			Summary Entry			2,790.35-	
12-09-2004	CMD	106WOSEC		Deposit		860.00		
12-24-2004	CMD	106WOSEC		Deposit		300.00		
12-31-2004	GL	ar1204-9		Reverse audit entry			8,737.00-	
12-31-2004	CMD	106WOSEC		from security		3.88		
12-31-2004	CMA	106WOSEC		bank fee			12.04-	
				Total Account 106-10500 - Resident Security Deposits	12,517.72*	1,163.88*	11,539.39-*	2,142.21*
106-10600 WF-Replacement Reserve								
12-01-2004	PJ	670538	12175708	Loan # 12175708 WO Dec04		2,886.80		
12-31-2004	GL	ar1204-1		Interest earned thru 12/04		206.44		
12-31-2004	GL	ar1204-2		R/C-Mortgage allocation		2,800.00		
				Total Account 106-10600 - WF-Replacement Reserve	42,376.45*	5,893.24*	.00*	48,269.69*
106-10800 WF-Tax & Insurance Reserve								
12-01-2004	PJ	670538	12175708	Loan # 12175708 WO Dec04		18,223.49		
12-31-2004	GL	ar1204-1		Interest earned thru 12/04		522.35		
12-31-2004	GL	ar1204-2		R/C-Mortgage allocation		18,223.49		
12-31-2004	GL	ar1204-3		Post 2003 Tax Pymt			67,843.56-	
12-31-2004	GL	ar1204-3		Post 2003 Tax Pymt			133,691.72-	
12-31-2004	GL	ar1204-4		R/C-Ins Reimbursement		7,560.00		
				Total Account 106-10800 - WF-Tax & Insurance Reserve	263,831.62*	44,529.33*	201,535.28-*	106,825.67*
106-10805 ESC-								
12-01-2004	PJ	670538	12175708	Loan # 12175708 WO Dec04		7.75-		
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct		61.64		
				Total Account 106-10805 - ESC-	53.89-*	53.89*	.00*	.00*
106-10830 Bond-Costs of Issue Fund								
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct			451.42-	
				Total Account 106-10830 - Bond-Costs of Issue Fund	451.42*	.00*	451.42-*	.00*
106-10835 WF Bond-Construction Fund Interim Loan								
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct		2.14		
12-31-2004	GL	ar1204-6		Bring Beg Bal to actual		24.82		
12-31-2004	GL	ar1204-r		Draw Req # 17		392,850.00		
12-31-2004	GL	ar1204-s		Interest earned - 12/04		14.90		
				Total Account 106-10835 - WF Bond-Construction Fund	26.96-*	392,891.86*	.00*	392,864.90*
106-10840 WF Bond-Revenue Fund								
12-31-2004	GL	ar1204-1		Interest earned thru 12/04		57.38		
12-31-2004	GL	ar1204-2		R/C-Mortgage allocation			22,944.33-	
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct			61.64-	
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct		451.42		
12-31-2004	GL	ar1204-5		R/C-Allocation Wrg Acct			2.14-	
12-31-2004	GL	ar1204-8		Bring D/S Exp to actual			3,786.56-	
				Total Account 106-10840 - WF Bond-Revenue Fund	26,286.64*	508.80*	26,794.67-*	.77*
106-10845 WF Bond-Expense Fund								
12-01-2004	PJ	670538	12175708	Loan # 12175708 WO Dec04		1,928.82		
12-31-2004	GL	ar1204-1		Interest earned thru 12/04		74.22		
12-31-2004	GL	ar1204-2		R/C-Mortgage allocation		1,920.84		
12-31-2004	GL	ar1204-7		Post Oversight Fee			2,147.86-	
				Total Account 106-10845 - WF Bond-Expense Fund	18,678.85*	3,923.88*	2,147.86-*	20,454.87*
106-10850 WF Bond-Loan Account								
12-31-2004	GL	ar1204-6		Bring Beg Bal to actual		.69		
				Total Account 106-10850 - WF Bond-Loan Account	.69-*	.69*	.00*	.00*
106-10998 Cash Clearing Security Deposits								
12-02-2004	CMD	106WOB1O		Deposit			9,921.00-	
12-09-2004	CMD	106WOSEC		Deposit			860.00-	
12-24-2004	CMD	106WOSEC		Deposit			300.00-	
12-31-2004	GL	lk1204-m		monthly income entry		1,160.00		
12-31-2004	GL	lk1204-i		bring beg bal 1/04 to actual			1,770.00-	
12-31-2004	GL	lk1204-j	Cruz	r/c May refund not on dep log		100.00		
12-31-2004	GL	lk1204-j	Giraldo	r/c May refund not on dep log		68.00		
12-31-2004	GL	lk1204-j	Morrow	r/c June refund not on dep log		100.00		
12-31-2004	GL	lk1204-j	Grevious	r/c Aug refund not on dep log		70.00		
12-31-2004	GL	lk1204-R	Molina,	reverse lk1204-j			68.00-	
12-31-2004	GL	lk1204-r	Jones, M	dep paid in - not on dep log		200.00		
12-31-2004	GL	lk1204-t	Nunez	true up beg bal - July dep log		200.00		
12-31-2004	GL	lk1204-u		true-up sec dep balance			90.33-	
12-31-2004	GL	lk1204-R		reverse lk1204-u-error		90.33		
12-31-2004	GL	lk1204-w		true-up sec dep balance		122.27		
12-31-2004	GL	lk1204-x	Jacobs	r/c Nov sec dep in process		138.73		
12-31-2004	GL	ar1204-k		R/C-2/16 Deposit		1,779.00		
12-31-2004	GL	ar1204-l		R/C-Xfer from Finlay			35,000.00-	
12-31-2004	GL	ar1204-m		R/C-12/2 Deposit		9,921.00		
12-31-2004	GL	ar1204-n		R/C-2/04 sec dep post error			200.00-	
12-31-2004	GL	ar1204-o		R/C-5/04 Inc Entry			600.00-	
12-31-2004	GL	ar1204-o		R/C-5/04 Inc Entry			420.00-	
12-31-2004	GL	ar1204-o		R/C-5/04 Inc Entry			760.00-	
12-31-2004	GL	ar1204-o		R/C-5/04 Inc Entry			100.00-	

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-10998 Cash Clearing Security Deposits - Continued								
12-31-2004	GL	ar1204-t		R/C-Post error - Wrg Acct		839.00		
12-31-2004	CMD	106WOSEC		from security			3.88-	
Total Account 106-10998 - Cash Clearing Security Dep					35,304.88*	14,788.33*	50,093.21-*	.00*
106-10999 Cash Exchange / Transfer								
12-01-2004	CMD	106WOB10	batch 1	Deposit			3,928.30-	
12-01-2004	CMD	106WOB10		Deposit			6,942.50-	
12-03-2004	CMD	106WOB10		Deposit			22,643.00-	
12-03-2004	PJ	670562	Oct04For	Trsf from Sec to Operating		2,790.35		
12-06-2004	CMD	106WOB10		Deposit			34,028.50-	
12-06-2004	CMD	106WOB10	batch 6	Deposit			2,293.00-	
12-06-2004	CMD	106WOB10	batch 7	Deposit			2,962.00-	
12-07-2004	CMD	106WOPTR		Deposit from Operating			85,000.00-	
12-07-2004	CMD	106WOPTR	DepGrn	Deposit from Greencrest			106,000.00-	
12-07-2004	CMD	106WOB10		Deposit			1,754.00-	
12-07-2004	PJ	670562	ReimbDec	Reimb for Dec 04 Mortgage pd		85,000.00		
12-08-2004	CMD	106WOB10		Deposit			4,785.00-	
12-08-2004	CMW	106WOPTR		Wire to Wells Fargo - Greencre		105,497.71		
12-08-2004	CMW	106WOPTR		Wire to Wells Fargo -Mortgage		84,475.92		
12-09-2004	CMD	106WOB10		Deposit			3,610.00-	
12-09-2004	CMA	106WOB10		NSF - Daniels		853.00		
12-10-2004	CMA	106WOB10		returned ck		853.00		
12-13-2004	CMD	106WOB10		Deposit			1,798.00-	
12-16-2004	CMD	106WOB10		Deposit			814.00-	
12-20-2004	CMD	106WOB10		Deposit			8,154.76-	
12-20-2004	CMD	106WOB10	fr secur	from security acct			2,790.35-	
12-21-2004	CMD	106WOB10		Deposit			1,774.00-	
12-23-2004	CMD	106WOB10		Deposit			1,166.00-	
12-24-2004	CMD	106WOB10		Deposit			400.00-	
12-25-2004	CMD	106WOB10		Deposit			1,484.00-	
12-31-2004	GL	lk1204-m		monthly income entry		107,605.06		
12-31-2004	GL	lk1204-o		true-up AR residents		37.00		
12-31-2004	GL	ar1204-d		True up-Due from CP II		4,661.98		
12-31-2004	GL	ar1204-k		R/C-2/16 Deposit			1,779.00-	
12-31-2004	GL	ar1204-m		R/C-12/2 Deposit			9,921.00-	
12-31-2004	GL	ar1204-n		R/C-2/04 sec dep post error		200.00		
12-31-2004	GL	ar1204-o		R/C-5/04 Inc Entry		1,880.00		
12-31-2004	GL	ar1204-p		Reverse entry-Post error			500.00-	
12-31-2004	GL	ar1204-q		R/C-Wires from Finlay			83,973.63-	
12-31-2004	GL	ar1204-t		R/C-Post error - Wrg Acct			3,351.37-	
12-31-2004	CMD	106WOB10		from security			2,054.41-	
12-31-2004	CMA	106WOB10		dup. NSF			853.00-	
Total Account 106-10999 - Cash Exchange / Transfer					905.80*	393,854.02*	394,759.82-*	.00*
106-11105 AR-Residents								
12-31-2004	GL	lk1204-m		monthly income entry			25,760.99-	
12-31-2004	GL	lk1204-m		monthly income entry		22,722.99		
12-31-2004	GL	lk1204-n		true-up prepaids and AR-reside			1,191.80-	
12-31-2004	GL	lk1204-o		true-up AR residents			37.00-	
Total Account 106-11105 - AR-Residents					26,989.79*	22,722.99*	26,989.79-*	22,722.99*
106-11300 Due from Affiliates								
12-27-2004	CMD	106WOB10		10-1-04 PR			865.39-	
12-31-2004	GL	ar1204-d		True up-Due from CP II			4,661.98-	
Total Account 106-11300 - Due from Affiliates					12,450.45*	.00*	5,527.37-*	6,923.08*
106-11990 AR-Miscellaneous/Other								
12-31-2004	GL	ar1204-b		R/C-1/04 PR expense			2,401.68-	
Total Account 106-11990 - AR-Miscellaneous/Other					2,401.68*	.00*	2,401.68-*	.00*
106-13000 Prepaid Expense								
12-30-2004	GL	mn1204-1		r/c prepaid			745.00-	
12-30-2004	GL	mn1204-2		r/c prepaid			600.00-	
12-31-2004	GL	lk1204-1		jan prepaid expense		1,377.42		
12-31-2004	GL	ar1204-a		Reverse Jan Pymt			87,573.00-	
12-31-2004	GL	ar1204-e		Reverse 2003 Prepaid			332.37-	
12-31-2004	GL	ar1204-u		R/C-Ins invoice to be voided		51,129.92		
12-31-2004	GL	ar1204-A	Harris M	R/C-Tax Invoice to be voided		47,912.12		
12-31-2004	GL	ar1204-A	Alief	R/C-Tax Invoice to be voided		94,415.06		
Total Account 106-13000 - Prepaid Expense					89,250.37*	194,834.52*	89,250.37-*	194,834.52*
106-13005 Prepaid Insurance								
12-31-2004	GL	ar1204-4		R/C-Ins Reimbursement			4,914.00-	
12-31-2004	GL	ar1204-4		R/C-Ins Reimbursement			2,646.00-	
12-31-2004	GL	ar1204-f		R/C-Ins Pymt		51,129.92		
12-31-2004	GL	ar1204-h		R/C-Ins Accrued, YTD			35,592.00-	
12-31-2004	GL	ar1204-u		R/C-Ins invoice to be voided			51,129.92-	
12-31-2004	GL	ar1204-I		R/C-Ins reimbursement		7,609.00		
12-31-2004	GL	ar1204-J		Bring Ins Exp To Actual		2,248.61		
Total Account 106-13005 - Prepaid Insurance					33,294.39*	60,987.53*	94,281.92-*	.00*
106-14001 Job Cost Control								
12-31-2004	GL	ar1204-f		R/C-Ins Pymt			51,129.92-	
Total Account 106-14001 - Job Cost Control					51,129.92*	.00*	51,129.92-*	.00*
106-15100 Land								
Total Account 106-15100 - Land					953,544.00*	.00*	.00*	953,544.00*

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-15200 Land Improvements								
				Total Account 106-15200 - Land Improvements	1,483,663.00*	.00*	.00*	1,483,663.00*
106-15300 Buildings								
				Total Account 106-15300 - Buildings	10,662,668.00*	.00*	.00*	10,662,668.00*
106-15400 Furnishings & Equipment								
				Total Account 106-15400 - Furnishings & Equipment	597,725.49*	.00*	.00*	597,725.49*
106-15440 Computer equipment & software								
				Total Account 106-15440 - Computer equipment & softw	10,953.85*	.00*	.00*	10,953.85*
106-15500 Accumulated Depreciation & Amortization								
				Total Account 106-15500 - Accumulated Depreciation &	365,199.00-*	.00*	.00*	365,199.00-*
106-19131 Loan Costs-Permanent								
				Total Account 106-19131 - Loan Costs-Permanent	472,618.00*	.00*	.00*	472,618.00*
106-19135 Accum Amort-Permanent								
				Total Account 106-19135 - Accum Amort-Permanent	95,317.00-*	.00*	.00*	95,317.00-*
106-19950 Other Assets								
				Total Account 106-19950 - Other Assets	4,200.00*	.00*	.00*	4,200.00*
106-20000 Accounts Payable								
12-01-2004	PJ			Summary Entry			87,215.52-	
12-01-2004	CR			Summary Entry		87,994.08		
12-02-2004	PJ			Summary Entry			5,861.78-	
12-02-2004	CR			Summary Entry		5,861.78		
12-03-2004	PJ			Summary Entry			2,790.35-	
12-07-2004	PJ			Summary Entry			85,000.00-	
12-07-2004	CR			Summary Entry		90,005.22		
12-08-2004	CR			Summary Entry		9,706.25		
12-08-2004	CR	220047	0267279/	(Rev)1101-1308		12.00-		
12-08-2004	CR	220047	0267279/	(Rev)1101-1308		1.20-		
12-08-2004	CR	220047	0267289/	(Rev)2101-2308		576.00-		
12-08-2004	CR	220047	0267289/	(Rev)2101-2308		57.60-		
12-08-2004	CR	220047	0267290/	(Rev)4101-4308		318.30-		
12-08-2004	CR	220047	0267290/	(Rev)4101-4308		20.64-		
12-08-2004	CR	220047	0267291/	(Rev)6101-6308		576.00-		
12-08-2004	CR	220047	0267291/	(Rev)6101-6308		57.60-		
12-08-2004	CR	220047	0267293/	(Rev)Spr		316.20-		
12-08-2004	CR	220047	0267293/	(Rev)Spr		19.66-		
12-08-2004	CR	220047	0267295/	(Rev)2101-2308		12.00-		
12-08-2004	CR	220047	0267295/	(Rev)2101-2308		1.20-		
12-08-2004	CR	220047	0267296/	(Rev)3101-3308		576.00-		
12-08-2004	CR	220047	0267296/	(Rev)3101-3308		57.60-		
12-08-2004	CR	220047	0267297/	(Rev)5101-5308		61.90-		
12-08-2004	CR	220047	0267297/	(Rev)5101-5308		1.20-		
12-08-2004	CR	220047	0267299/	(Rev)7101-7308		288.00-		
12-08-2004	CR	220047	0267299/	(Rev)7101-7308		57.60-		
12-08-2004	CR	220047	0267300/	(Rev)7101-7308		278.10-		
12-08-2004	CR	220047	0267300/	(Rev)7101-7308		20.88-		
12-08-2004	CR	220047	0267301/	(Rev)3101-3308		12.00-		
12-08-2004	CR	220047	0267301/	(Rev)3101-3308		1.20-		
12-08-2004	CR	220047	0267302/	(Rev)5101-5308		576.00-		
12-08-2004	CR	220047	0267302/	(Rev)5101-5308		57.60-		
12-08-2004	CR	220047	0267304/	(Rev)Maint		24.00-		
12-08-2004	CR	220047	0267304/	(Rev)Maint		2.40-		
12-08-2004	CR	220047	0267305/	(Rev)1101-1308		576.00-		
12-08-2004	CR	220047	0267305/	(Rev)1101-1308		57.60-		
12-08-2004	CR	220047	0267307/	(Rev)4101-4308		288.00-		
12-08-2004	CR	220047	0267307/	(Rev)4101-4308		57.60-		
12-08-2004	CR	220047	0267308/	(Rev)6101-6308		12.00-		
12-08-2004	CR	220047	0267308/	(Rev)6101-6308		1.20-		
12-08-2004	CR	220047	0267309/	(Rev)Clubhouse		25.62-		
12-08-2004	CR	220047	0267309/	(Rev)Clubhouse		4.32-		
12-08-2004	CR			Summary Entry		5,005.22		
12-09-2004	PJ			Summary Entry			5,575.32-	
12-09-2004	PJ			Summary Entry			1,969.20-	
12-15-2004	CR			Summary Entry		2,390.34		
12-16-2004	PJ			Summary Entry			7,698.08-	
12-16-2004	CR			Summary Entry		7,698.08		
12-17-2004	PJ			Summary Entry			2,568.34-	
12-17-2004	PJ			Summary Entry			39.28-	
12-17-2004	PJ	060073	041100/1	(Rev)1-0288-0375543			856.55	
12-17-2004	PJ			Summary Entry			856.55-	
12-20-2004	PJ			Summary Entry			1,750.00-	
12-21-2004	PJ			Summary Entry			541.26-	
12-21-2004	PJ			Summary Entry			5,174.38-	
12-21-2004	PJ	370050	3189132	(Rev)001-0223264-002			270.63	
12-21-2004	PJ	550135	28149720	(Rev)281 497-2001 149 6			508.08	
12-21-2004	PJ			Summary Entry			541.48-	
12-21-2004	CR			Summary Entry		3,253.88		
12-22-2004	PJ			Summary Entry			4,343.60-	
12-27-2004	PJ			Summary Entry			905.19-	
12-28-2004	PJ			Summary Entry			1,602.10-	
12-29-2004	PJ			Summary Entry			6,022.65-	
12-29-2004	CR			Summary Entry		13,194.78		
12-29-2004	CR	550135	28149720	(Rev)281 497-2001 149 6		508.08-		

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-20000 Accounts Payable - Continued								
12-29-2004	CR	550135	28149720	(Rev)281 497-2001 149 6		33.40-		
12-29-2004	CR			Summary Entry		574.88		
12-30-2004	CR	020468	Dec04Hea	(Rev)Dec 2004 Health Insurance		1,969.20-		
12-31-2004	GL	ar1204-a		Reverse Jan Pymt		87,573.00		
12-31-2004	GL	ar1204-v		R/C-2003 Post Error-Forf Inc			1,843.41-	
12-31-2004	GL	ar1204-w		R/C-2003 Post Error-Int Exp			87,573.00-	
12-31-2004	PJ			Summary Entry			3,147.45-	
12-31-2004	PJ			Summary Entry			1,694.78-	
		Total Account 106-20000 - Accounts Payable			365,054.90-*	305,741.61*	313,078.46-*	372,391.75-*
106-21100 Accrued expenses								
12-31-2004	GL	mn1204-3		reverse 11/04 accruals		1,227.56		
12-31-2004	GL	lk1204-2		reverse mn1204-3			1,227.56-	
12-31-2004	GL	ar1204		Accrue 12/04 Ins			2,966.00-	
12-31-2004	GL	ar1204-c		Reverse 2003 Accrual		4,200.00		
12-31-2004	GL	ar1204-g		Reverse 2003 Accrual		919.25		
12-31-2004	GL	ar1204-h		R/C-Ins Accrued, YTD		35,592.00		
12-31-2004	GL	ar1204-i		R/C-Payroll post error			8,654.01-	
12-31-2004	GL	ar1204-j	Extra Ef	R/C-Tele		32.42		
12-31-2004	GL	ar1204-F		R/C-12/04 Mort Pymt Diff			2,739.60-	
12-31-2004	GL	ar1204-J		Bring Ins Exp To Actual			25,172.04-	
		Total Account 106-21100 - Accrued expenses			30,351.22-*	41,971.23*	40,759.21-*	29,139.20-*
106-21300 Accrued Interest								
12-31-2004	GL	ar1204-x		Reverse 12/03 Int Accrual		3,996.00		
12-31-2004	GL	ar1204-y		Accrue 12/04 Mort Int			60,203.17-	
		Total Account 106-21300 - Accrued Interest			3,996.00-*	3,996.00*	60,203.17-*	60,203.17-*
106-21310 Accrued Interest-Developer								
Total Account 106-21310 - Accrued Interest-Developer					84,465.00-*	.00*	.00*	84,465.00-*
106-21400 Accrued Property Taxes								
12-31-2004	GL	ar1204		Accrue 12/04 RE Tax			17,596.00-	
12-31-2004	GL	ar1204-B	PaulBett	R/C-2003 RE Tax Invoice			41,918.60-	
12-31-2004	GL	ar1204-D	PaulBett	Accrue 03 addit RE Tax Pen			16,480.57-	
12-31-2004	GL	ar1204-E		Bring 2004 RE Tax to actual		25,637.73		
	Total Account 106-21400 - Accrued Property Taxes				169,233.40-*	25,637.73*	75,995.17-*	219,590.84-*
106-22000 Security Deposits & Escrow Liability								
12-31-2004	GL	lk1204-m		monthly income entry		315.00		
12-31-2004	GL	lk1204-m		monthly income entry			1,160.00-	
12-31-2004	GL	lk1204-a	Allsup	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Fields	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Wheeler	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Bradley	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Bluitt	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Green	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-a	Craft	record Jan forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Simon	record Feb forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Poole	record Feb forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Savala	record Feb forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Hall	record Feb forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Bradley	record Feb forfeited sec dep		100.00		
12-31-2004	GL	lk1204-b	Conner	record Feb forfeited sec dep		99.00		
12-31-2004	GL	lk1204-c	Jones	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Watts	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Perea	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Smith	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Dinnon	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Schroder	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Clark	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-c	Morell	record March forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Pacheco	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Tahir	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Jimenez	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Horton	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Mercado	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Carraway	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-d	Qualls	record April forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Cross	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Orrillo	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Green, T	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Jones	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Green, L	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Moreno	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Snowden	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Hardin	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Bradley	record June forfeited sec dep		99.00		
12-31-2004	GL	lk1204-e	Ivory	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Anderson	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-e	Collins	record June forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Scruggs	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Cotton	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Holley	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Porchia	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Ramos	record July forfeited sec dep		99.00		
12-31-2004	GL	lk1204-f	Chapa	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Brown	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Simpson	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Lozano	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Chalmers	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-f	Honora	record July forfeited sec dep		100.00		

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-22000 Security Deposits & Escrow Liability - Continued								
12-31-2004	GL	lk1204-f	Carriere	record July forfeited sec dep		99.00		
12-31-2004	GL	lk1204-f	Ziegler	record July forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Aikens	record sep forfeited sec dep		99.00		
12-31-2004	GL	lk1204-g	Robichau	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Lara	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Kamson	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Thompson	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Campbell	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Jacquet	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Garza	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Pryor	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Lewis	record sep forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Bowers	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Brown	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Waldon	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Willis	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Prater	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Nguyen	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Wince	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Latoya	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Couthon	record oct forfeited sec dep		100.00		
12-31-2004	GL	lk1204-g	Franklin	record oct forfeited sec dep		99.00		
12-31-2004	GL	lk1204-i		bring beg bal 1/04 to actual		1,770.00		
12-31-2004	GL	lk1204-j	Cruz	r/c May refund not on dep log			100.00-	
12-31-2004	GL	lk1204-j	Giraldo	r/c May refund not on dep log			68.00-	
12-31-2004	GL	lk1204-k	moreno	r/c June dep log not in GL		51.33		
12-31-2004	GL	lk1204-k	Lewis	r/c Sep dep log not in GL		100.00		
12-31-2004	GL	lk1204-k	Mingon	r/c Oct dep log not in GL		200.00		
12-31-2004	GL	lk1204-j	Morrow	r/c June refund not on dep log			100.00-	
12-31-2004	GL	lk1204-j	Grevious	r/c Aug refund not on dep log			70.00-	
12-31-2004	GL	lk1204-l	Folschin	r/c Dec Forfeited sec dep		100.00		
12-31-2004	GL	lk1204-l	West	r/c Dec Forfeited sec dep		100.00		
12-31-2004	GL	lk1204-l	Evans	r/c Dec Forfeited sec dep		100.00		
12-31-2004	GL	lk1204-l	Yancy	r/c Dec Forfeited sec dep		100.00		
12-31-2004	GL	lk1204-l	Wilburn	r/c Dec Forfeited sec dep		200.00		
12-31-2004	GL	lk1204-m	Folschin	r/c Dec refund		85.00		
12-31-2004	GL	lk1204-p	Kamson	r/c nov sec dep refund		100.00		
12-31-2004	GL	lk1204-q	Joseph,	May app/forf sec dep		400.00		
12-31-2004	GL	lk1204-q	Cruz, M	May app/forf sec dep		100.00		
12-31-2004	GL	lk1204-q	Jones, M	June app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Ulmer	April app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Roman	April app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Gant	May app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Fierrio	May forfeited sec dep		99.00		
12-31-2004	GL	lk1204-q	Vital	May forfeited sec dep		99.00		
12-31-2004	GL	lk1204-q	Newkirk	May app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Bowers	May app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Cruz, V	May app/forf sec dep		200.00		
12-31-2004	GL	lk1204-q	Molina,	May app/forf sec dep		200.00		
12-31-2004	GL	lk1204-R	Molina,	reverse lk1204-j		68.00		
12-31-2004	GL	lk1204-r	Jones, M	dep paid in - not on dep log			200.00-	
12-31-2004	GL	lk1204-s	Jones, K	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Grevious	July appl/forf sec deposit		130.00		
12-31-2004	GL	lk1204-s	Tebibi	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Morrow	June appl/forf sec deposit		100.00		
12-31-2004	GL	lk1204-s	Garcia	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Smiley	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Webb	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Scott	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Broussar	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Thompson	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Jefferso	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Hopkins	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-s	Danqush	July appl/forf sec deposit		200.00		
12-31-2004	GL	lk1204-t	Nunez	true up beg bal - July dep log			200.00-	
12-31-2004	GL	lk1204-u		true-up sec dep balance		90.33		
12-31-2004	GL	lk1204-R		reverse lk1204-u-error			90.33-	
12-31-2004	GL	lk1204-w		true-up sec dep balance			122.27-	
Total Account 106-22000 - Security Deposits & Escrow					38,658.06-*	15,401.66*	2,110.60-*	25,367.00-*
106-22002 Security Deposit-Refunds in Process								
12-17-2004	PJ	170740	#2205--1	DepRef--Folschinsky		85.00		
12-31-2004	GL	lk1204-k	Moreno	r/c June dep log not in GL			51.33-	
12-31-2004	GL	lk1204-k	Lewis	r/c Sep dep log not in GL			100.00-	
12-31-2004	GL	lk1204-k	Mingon	r/c Oct dep log not in GL			200.00-	
12-31-2004	GL	lk1204-m	Folschin	r/c Dec refund			85.00-	
12-31-2004	GL	lk1204-p	Kamson	r/c nov sec dep refund			100.00-	
12-31-2004	GL	lk1204-x	Jacobs	r/c Nov sec dep in process			138.73-	
Total Account 106-22002 - Security Deposit-Refunds i					238.73*	85.00*	675.06-*	351.33-*
106-23010 Prepaid Rents								
12-31-2004	GL	lk1204-m		monthly income entry		17,844.63		
12-31-2004	GL	lk1204-m		monthly income entry			18,640.85-	
12-31-2004	GL	lk1204-n		true-up prepaids and AR-reside		1,191.80		
Total Account 106-23010 - Prepaid Rents					19,036.43-*	19,036.43*	18,640.85-*	18,640.85-*
106-25000 Accrued Developer & GenPtnr Fees Payable								
12-31-2004	GL	ar1204-H		R/C-Accrued Devel Fee		19,546.05		
Total Account 106-25000 - Accrued Developer & GenPtn					1,689,301.71-*	19,546.05*	.00*	1,669,755.66-*
106-25100 Due to Affiliates								
12-31-2004	GL	ar1204-b		R/C-1/04 PR expense		1,126.78		
12-31-2004	GL	ar1204-b		R/C-1/04 PR expense		1,274.90		

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-25100 Due to Affiliates - Continued								
12-31-2004	GL	ar1204-z		R/C-PR Expense			335.58-	
Total Account 106-25100 - Due to Affiliates					2,066.10-*	2,401.68*	335.58-*	.00*
106-26100 Wells Fargo-Construction Loan								
12-31-2004	GL	ar1204-G		R/C-2004 D/S Princ Pymt		45,972.05		
Total Account 106-26100 - Wells Fargo-Construction L					10,150,000.00-*	45,972.05*	.00*	10,104,027.95-*
106-26150 Bridged Equity								
12-14-2004	CMD	106WOPTR		Wire from Wachovia			180,000.00-	
12-31-2004	GL	ar1204-r		Draw Req # 17			392,850.00-	
Total Account 106-26150 - Bridged Equity					3,000,163.47-*	.00*	572,850.00-*	3,573,013.47-*
106-26400 Permanent Loans								
12-01-2004	PJ	670538	12175708	Loan # 12175708 WO Dec04		3,957.41		
12-31-2004	GL	ar1204-8		Bring D/S Exp to actual		3,707.08		
12-31-2004	GL	ar1204-G		R/C-2004 D/S Princ Pymt			45,972.05-	
Total Account 106-26400 - Permanent Loans					38,307.56*	7,664.49*	45,972.05-*	.00*
106-26800 Notes Payable - General Partner								
12-01-2004	CMA	106WOB10		Wire from Finlay			87,215.52-	
12-14-2004	CMW	106WOPTR		Wire to FDI		100,000.00		
12-30-2004	CMD	106WOPTR		Wire from FDI(Finlay LLC)			50,000.00-	
12-31-2004	GL	ar1204-l		R/C-Xfer from Finlay		35,000.00		
12-31-2004	GL	ar1204-p		Reverse entry-Post error		500.00		
12-31-2004	GL	ar1204-q		R/C-Wires from Finlay			106,000.00-	
12-31-2004	GL	ar1204-q		R/C-Wires from Finlay		105,497.71		
12-31-2004	GL	ar1204-q		R/C-Wires from Finlay		84,475.92		
12-31-2004	GL	ar1204-F		R/C-12/04 Mort Pymt Diff		2,739.60		
12-31-2004	GL	ar1204-H		R/C-Accrued Devel Fee			19,546.05-	
Total Account 106-26800 - Notes Payable - General Pa					65,451.66-*	328,213.23*	262,761.57-*	.00*
106-26850 Notes Payable - Limited Partner								
12-14-2004	CMD	106WOPTR		Wire from Wachovia			180,000.00-	
12-14-2004	CMD	106WOPTR		(REV) Wire from Wachovia			180,000.00	
Total Account 106-26850 - Notes Payable - Limited Pa					.00*	.00*	.00*	.00*
106-39950 Prior Year Earnings								
Total Account 106-39950 - Prior Year Earnings					1,049,338.10*	.00*	.00*	1,049,338.10*
106-39999 Current Year Earnings								
Total Account 106-39999 - Current Year Earnings					.12-*	.00*	.00*	.12-*
106-45010 PM-Gross Potential Rent-Apartments								
12-31-2004	GL	1k1204-m		monthly income entry			128,352.00-	
Total Account 106-45010 - PM-Gross Potential Rent-Ap					1,423,968.00-*	.00*	128,352.00-*	1,552,320.00-*
106-45110 PM-Rent Below Current Market Value								
12-31-2004	GL	1k1204-m		monthly income entry		1,507.29		
Total Account 106-45110 - PM-Rent Below Current Mark					22,008.10*	1,507.29*	.00*	23,515.39*
106-45210 PM-Vacancy Loss-Apartments								
12-31-2004	GL	1k1204-m		monthly income entry		11,852.05		
Total Account 106-45210 - PM-Vacancy Loss-Apartments					125,310.55*	11,852.05*	.00*	137,162.60*
106-45295 PM-Bad Debts & Collection Loss								
12-31-2004	GL	1k1204-m		monthly income entry		6,149.06		
Total Account 106-45295 - PM-Bad Debts & Collection					143,013.67*	6,149.06*	.00*	149,162.73*
106-45310 PM-Rent Concessions								
12-31-2004	GL	1k1204-m		monthly income entry		7,237.34		
Total Account 106-45310 - PM-Rent Concessions					54,526.13*	7,237.34*	.00*	61,763.47*
106-45320 PM-NRP Employee Units								
12-31-2004	GL	1k1204-m		monthly income entry		1,428.48		
Total Account 106-45320 - PM-NRP Employee Units					18,959.16*	1,428.48*	.00*	20,387.64*
106-45510 PM-Laundry Facility Revenue								
12-31-2004	GL	1k1204-m		monthly income entry			232.00-	
Total Account 106-45510 - PM-Laundry Facility Revenu					1,263.00-*	.00*	232.00-*	1,495.00-*
106-45530 PM-Vending Machine Commissions								
Total Account 106-45530 - PM-Vending Machine Commiss					1,829.31-*	.00*	.00*	1,829.31-*
106-45610 PM-NSF Charge								
Total Account 106-45610 - PM-NSF Charge					1,025.00-*	.00*	.00*	1,025.00-*
106-45620 PM-Late Charges								
12-31-2004	GL	1k1204-m		monthly income entry			1,887.00-	
Total Account 106-45620 - PM-Late Charges					19,832.35-*	.00*	1,887.00-*	21,719.35-*

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-45660 PM-Damages and Cleaning Fees								
12-31-2004	GL	lk1204-m		damages			15.00-	
Total Account 106-45660 - PM-Damages and Cleaning Fe					11,728.74-*	.00*	15.00-*	11,743.74-*
106-45670 PM-Lease Cancellation Fees								
Total Account 106-45670 - PM-Lease Cancellation Fees					48,947.28-*	.00*	.00*	48,947.28-*
106-45680 PM-Forfeited Security Deposits								
12-31-2004	GL	lk1204-a	Allsup	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Fields	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Wheeler	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Bradley	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Bluitt	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Green	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-a	Craft	record Jan forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Simon	record Feb forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Poole	record Feb forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Savala	record Feb forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Hall	record Feb forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Bradley	record Feb forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-b	Conner	record Feb forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-c	Wats	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Perea	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Smith	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Dinnon	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Schroder	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Clark	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Morell	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-c	Jones	record March forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Pacheco	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Tahir	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Jimenez	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Horton	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Mercado	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Carraway	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-d	Qualls	record April forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Cross	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Orillo	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Green, T	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Jones	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Green, L	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Moreno	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Snowden	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Hardin	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Ivory	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Anderson	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Collins	record June forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-e	Bradley	record June forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-f	Holley	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Ramos	record July forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-f	Porchia	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Chapa	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Brown	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Simpson	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Lozano	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Ziegler	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Chalmers	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Honora	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Carriere	record July forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-f	Scruggs	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-f	Cotton	record July forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Lara	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Kamson	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Thompson	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Campbell	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Jacquet	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Garza	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Pryor	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Lewis	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Aikens	record sep forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-g	Robichau	record sep forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Bowers	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Brown	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Waldon	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Willis	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Prater	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Nguyen	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Wince	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Latoya	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Couthon	record oct forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-g	Franklin	record oct forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-l	Folschin	r/c Dec Forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-l	West	r/c Dec Forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-l	Evans	r/c Dec Forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-l	Yancy	r/c Dec Forfeited sec dep			100.00-	
12-31-2004	GL	lk1204-l	Wilburn	r/c Dec Forfeited sec dep			200.00-	
12-31-2004	GL	lk1204-q	Joseph T	May app/forf sec dep			400.00-	
12-31-2004	GL	lk1204-q	Cruz, M.	May app/forf sec dep			100.00-	
12-31-2004	GL	lk1204-q	Jones, M	June app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Ulmer	April app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Roman	April app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Gant	May app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Fierrio	May forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-q	Vital	May forfeited sec dep			99.00-	
12-31-2004	GL	lk1204-q	Newkirk	May app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Bowers	May app/forf sec dep			200.00-	

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-45680 PM-Forfeited Security Deposits - Continued							
12-31-2004	GL	lk1204-q	Cruz, V. May app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-q	Molina, May app/forf sec dep			200.00-	
12-31-2004	GL	lk1204-s	Jones July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Grevious July appl/forf sec deposit			130.00-	
12-31-2004	GL	lk1204-s	Tebibi July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Morrow June appl/forf sec deposit			100.00-	
12-31-2004	GL	lk1204-s	Garcia July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Smiley July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Webb July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Scott July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Broussar July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Thompson July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Jefferso July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Hopkins July appl/forf sec deposit			200.00-	
12-31-2004	GL	lk1204-s	Danqush July appl/forf sec deposit			200.00-	
12-31-2004	GL	ar1204-t	R/C-Post error - Wrg Acct			839.00-	
12-31-2004	GL	ar1204-t	R/C-Post error - Wrg Acct		3,351.37		
12-31-2004	GL	ar1204-v	R/C-2003 Post Error-Forf Inc		1,843.41		
Total Account 106-45680 - PM-Forfeited Security Depo				1,298.80-*	5,194.78*	13,461.00-*	9,565.02-*
106-45690 PM-Application Fees							
12-31-2004	GL	lk1204-m	app fees			890.00-	
Total Account 106-45690 - PM-Application Fees				6,225.00-*	.00*	890.00-*	7,115.00-*
106-45920 PM-Cable Income							
Total Account 106-45920 - PM-Cable Income				1,204.54-*	.00*	.00*	1,204.54-*
106-45970 PM-Electricity Rebillings							
12-31-2004	GL	lk1204-m	monthly income entry			859.06-	
Total Account 106-45970 - PM-Electricity Rebillings				14,622.88-*	.00*	859.06-*	15,481.94-*
106-45990 PM-Other Revenue							
12-31-2004	GL	lk1204-m	keys, locks			25.00-	
12-31-2004	GL	ar1204-6	Bring Beg Bal to actual			25.51-	
12-31-2004	GL	ar1204-8	Immateri Bring D/S Exp to actual		12.82		
Total Account 106-45990 - PM-Other Revenue				1,144.19-*	12.82*	50.51-*	1,181.88-*
106-60010 PM-Manager Salaries							
12-02-2004	PJ	020468	PRw/e120 PR w/e 12/04/04		4,862.94		
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		4,910.19		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		4,980.19		
12-31-2004	GL	ar1204-i	R/C-Payroll post error		8,654.01		
12-31-2004	GL	ar1204-z	R/C-PR Expense		335.58		
Total Account 106-60010 - PM-Manager Salaries				103,797.89*	23,742.91*	.00*	127,540.80*
106-60060 PM-Building Maintenance/Repair							
Total Account 106-60060 - PM-Building Maintenance/Re				1,177.75*	.00*	.00*	1,177.75*
106-60070 PM-Maintenance Contract Labor							
12-09-2004	PJ	040815	26208 Menjivar, Walter 11/14/04		101.70		
Total Account 106-60070 - PM-Maintenance Contract La				697.82*	101.70*	.00*	799.52*
106-60090 PM-Staff Bonuses							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		1,455.00		
Total Account 106-60090 - PM-Staff Bonuses				3,442.50*	1,455.00*	.00*	4,897.50*
106-60101 PM-Payroll Taxes - FICA							
12-02-2004	PJ	020468	PRw/e120 PR w/e 12/04/04		682.75		
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		394.65		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		309.14		
Total Account 106-60101 - PM-Payroll Taxes - FICA				8,085.28*	1,386.54*	.00*	9,471.82*
106-60103 PM-Payroll Taxes - Medicare							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		92.31		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		72.28		
Total Account 106-60103 - PM-Payroll Taxes - Medicar				1,923.85*	164.59*	.00*	2,088.44*
106-60105 PM-Payroll Taxes - SUTA							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		355.81		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		278.70		
Total Account 106-60105 - PM-Payroll Taxes - SUTA				1,719.12*	634.51*	.00*	2,353.63*
106-60107 PM-Payroll Taxes - FUTA							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		50.92		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		38.30		
Total Account 106-60107 - PM-Payroll Taxes - FUTA				403.64*	89.22*	.00*	492.86*
106-60109 PM-Payroll Taxes - Other							
Total Account 106-60109 - PM-Payroll Taxes - Other				301.15*	.00*	.00*	301.15*
106-60110 PM-Workmen's Compensation							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 West Oaks		439.20		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 West Oaks		344.04		

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106-60110 PM-Workmen's Compensation - Continued				
Total Account 106-60110 - PM-Workmen's Compensation	3,870.45*	783.24*	.00*	4,653.69*
106-60120 PM-Health Insurance				
12-02-2004 PJ 020468 PRw/e120 PR w/e 12/04/04		316.09		
12-09-2004 PJ 020468 Dec04Hea Dec 2004 Health Insurance		1,969.20		
12-31-2004 GL ar1204-g Reverse 2003 Accrual			919.25-	
Total Account 106-60120 - PM-Health Insurance	2,477.00*	2,285.29*	919.25-*	3,843.04*
106-60130 PM-Staff Uniforms				
Total Account 106-60130 - PM-Staff Uniforms	431.74*	.00*	.00*	431.74*
106-60195 PM-Other Employee Benefits				
Total Account 106-60195 - PM-Other Employee Benefits	2,577.16-*	.00*	.00*	2,577.16-*
106-60210 PM-Media Advertising - Magazines				
12-27-2004 PJ 370576 075855-1 C493M		745.00		
12-30-2004 GL mn1204-1 r/c prepaid		745.00		
12-31-2004 GL lk1204-1 Metro-Ho jan prepaid expense			745.00-	
Total Account 106-60210 - PM-Media Advertising - Mag	10,390.00*	1,490.00*	745.00-*	11,135.00*
106-60215 PM-Media Advertising - Other				
Total Account 106-60215 - PM-Media Advertising - Oth	1,322.40*	.00*	.00*	1,322.40*
106-60225 PM-On Site Social Programs/Activities				
12-22-2004 PJ 560771 129 CP-001		600.00		
12-30-2004 GL mn1204-2 r/c prepaid		600.00		
12-31-2004 GL lk1204-1 Solution jan prepaid expense			600.00-	
Total Account 106-60225 - PM-On Site Social Programs	5,433.84*	1,200.00*	600.00-*	6,033.84*
106-60226 PM - Resident Relations				
Total Account 106-60226 - PM - Resident Relations	45.41*	.00*	.00*	45.41*
106-60240 PM-Coop/Commission Expense				
Total Account 106-60240 - PM-Coop/Commission Expense	4,639.00*	.00*	.00*	4,639.00*
106-60260 PM-Brochures & Leasing Materials				
Total Account 106-60260 - PM-Brochures & Leasing Mat	1,012.82*	.00*	.00*	1,012.82*
106-60295 PM-Other Renting Expenses				
12-09-2004 PJ 060045 R137929 C3796		10.83		
12-09-2004 PJ 590331 203302 10D138		29.07		
12-22-2004 PJ 060045 R139339 C3796		10.83		
Total Account 106-60295 - PM-Other Renting Expenses	578.65*	50.73*	.00*	629.38*
106-60303 PM-Computer Software & Support				
12-17-2004 PJ 050465 TX021219 Cityparc @ West Oaks		108.25		
Total Account 106-60303 - PM-Computer Software & Sup	565.58*	108.25*	.00*	673.83*
106-60305 PM-Rent Roll License & Support				
Total Account 106-60305 - PM-Rent Roll License & Sup	963.00*	.00*	.00*	963.00*
106-60307 PM-Small Computer Accessories				
Total Account 106-60307 - PM-Small Computer Accessor	231.05*	.00*	.00*	231.05*
106-60313 PM-Office Equipment - Copy Machine				
12-09-2004 PJ 590331 203711 10D138		123.41		
12-17-2004 PJ 590331 234889 10D138		48.19		
12-21-2004 PJ 370050 3189131 001-0223264-001		270.63		
12-21-2004 PJ 370050 3189132 001-0223264-002		270.63		
12-21-2004 PJ 370050 3189132 (Rev)001-0223264-002		270.63-		
12-27-2004 PJ 590331 204752 10D138		123.41		
Total Account 106-60313 - PM-Office Equipment - Copy	3,197.86*	565.64*	.00*	3,763.50*
106-60315 PM-Office Security System - Monitoring				
12-17-2004 PJ 080859 IVC25103 6125445		26.98		
12-17-2004 PJ 080859 IVC25103 6125691		32.40		
Total Account 106-60315 - PM-Office Security System	1,194.02*	59.38*	.00*	1,253.40*
106-60320 PM-Office Supplies				
Total Account 106-60320 - PM-Office Supplies	949.58*	.00*	.00*	949.58*
106-60325 PM-Office Postage				
12-09-2004 PJ 170046 DHL11150 J2883716		16.04		
12-09-2004 PJ 170046 DHL11230 J4447030		13.40		
12-09-2004 PJ 170046 DHL12010 J5864784		13.40		
12-09-2004 PJ 170046 FedEx120 7-876-63871		11.91		
Total Account 106-60325 - PM-Office Postage	855.80*	54.75*	.00*	910.55*
106-60330 PM-Legal Expense/Eviction Costs				
12-09-2004 PJ 230835 161697 H 151537		857.00		

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106-60330 PM-Legal Expense/Eviction Costs - Continued							
12-22-2004	PJ	230835	162936 prepare ltr w/new trial date		61.37		
12-22-2004	PJ	230835	162937 prepare & attend trial hearing		320.00		
Total Account 106-60330 - PM-Legal Expense/Eviction				5,642.49*	1,238.37*	.00*	6,880.86*
106-60340 PM-Telephone (Base & LD)							
12-17-2004	PJ	370572	02564275 296-712972		37.78		
12-21-2004	PJ	550135	28149720 281 497-2001 149 6		508.08		
12-21-2004	PJ	550135	28149720 (Rev)281 497-2001 149 6		508.08-		
12-21-2004	PJ	550135	28149720 281 497-2001 149 6		541.48		
12-22-2004	PJ	150875	47146 Jan Service		32.42		
12-31-2004	GL	lk1204-l	Extra Ef jan prepaid expense			32.42-	
12-31-2004	GL	ar1204-j	Extra Ef R/C-Tele			32.42-	
Total Account 106-60340 - PM-Telephone (Base & LD)				6,775.39*	611.68*	64.84-*	7,322.23*
106-60343 PM-Answering Services							
12-17-2004	PJ	150222	184-1-12 184		102.82		
Total Account 106-60343 - PM-Answering Services				1,291.64*	102.82*	.00*	1,394.46*
106-60350 PM-Credit Investigation Checks							
12-17-2004	PJ	520574	184809 105535		242.49		
Total Account 106-60350 - PM-Credit Investigation Ch				1,878.69*	242.49*	.00*	2,121.18*
106-60359 PM - Business Meals							
Total Account 106-60359 - PM - Business Meals				113.30*	.00*	.00*	113.30*
106-60360 PM-Auto/Travel Expenses							
Total Account 106-60360 - PM-Auto/Travel Expenses				262.56*	.00*	.00*	262.56*
106-60363 PM-Meetings & Seminars							
Total Account 106-60363 - PM-Meetings & Seminars				468.70*	.00*	.00*	468.70*
106-60365 PM-Dues & Memberships							
Total Account 106-60365 - PM-Dues & Memberships				5,282.01*	.00*	.00*	5,282.01*
106-60370 PM-Security Guard Service							
Total Account 106-60370 - PM-Security Guard Service				600.00*	.00*	.00*	600.00*
106-60380 PM-Bank Service Charges							
12-10-2004	CMA	106WOB1O	ret'd ck fee		6.00		
12-31-2004	CMA	106WOB1O	service fee		34.64		
12-31-2004	CMA	106WOSEC	bank fee		12.04		
Total Account 106-60380 - PM-Bank Service Charges				715.18*	52.68*	.00*	767.86*
106-60385 PM-Late Payment Fees (Vendors)							
12-17-2004	PJ	150222	184-1-12 184		2.24		
12-17-2004	PJ	370572	02564275 296-712972		1.50		
12-21-2004	PJ	220047	0267279/ 00316 0267279		1.20		
12-21-2004	PJ	220047	0267289/ 00316 0267289		57.60		
12-21-2004	PJ	220047	0267290/ 00316 0267290		31.83		
12-21-2004	PJ	220047	0267291/ 00316 0267291		57.60		
12-21-2004	PJ	220047	0267295/ 00316 0267295		1.20		
12-21-2004	PJ	220047	0267296/ 00316 0267296		57.60		
12-21-2004	PJ	220047	0267297/ 00316 0267297		6.19		
12-21-2004	PJ	220047	0267299/ 00316 0267299		28.80		
12-21-2004	PJ	220047	0267300/ 00316 0267300		27.81		
12-21-2004	PJ	220047	0267301/ 00316 0267301		1.20		
12-21-2004	PJ	220047	0267302/ 00316 0267302		57.60		
12-21-2004	PJ	220047	0267304/ 00316 0267304		2.40		
12-21-2004	PJ	220047	0267305/ 00316 0267305		57.60		
12-21-2004	PJ	220047	0267307/ 00316 0267307		28.80		
12-21-2004	PJ	220047	0267308/ 00316 0267308		1.20		
12-21-2004	PJ	220047	0267309/ 00316 0267309		2.56		
12-21-2004	PJ	550135	28149720 281 497-2001 149 6		33.40		
12-22-2004	PJ	520536	2503144- BS7		3.86		
12-22-2004	PJ	520536	2503145- BS7		2.60		
12-22-2004	PJ	520536	2503181- #5104		1.02		
12-22-2004	PJ	520536	2503212- #5307		.87		
12-22-2004	PJ	520536	2503964- BS1		8.92		
12-22-2004	PJ	520536	2503973- BS2		5.71		
12-22-2004	PJ	520536	2503976- BS3		2.80		
12-22-2004	PJ	520536	2503978- BS4		4.24		
12-22-2004	PJ	520536	2503979- BS5		5.12		
12-22-2004	PJ	520536	2503984- BS6		3.13		
12-22-2004	PJ	520536	2915867- 3443 Addicks Clodine Rd.		48.15		
12-22-2004	PJ	520536	3625352- #5103		3.77		
12-22-2004	PJ	520536	3971307- #6103		.47		
12-22-2004	PJ	520536	4019255- #5201		.98		
12-22-2004	PJ	520536	4129236- #5205		1.03		
12-31-2004	GL	ar1204-C	PaulBett R/C-2003 Tax Pen-Wrg Acct			3,772.68-	
Total Account 106-60385 - PM-Late Payment Fees (Vend				11,149.30*	551.00*	3,772.68-*	7,927.62*
106-60395 PM-Miscellaneous Administrative Expenses							
Total Account 106-60395 - PM-Miscellaneous Administr				109.28*	.00*	.00*	109.28*
106-60413 PM-Electricity Common Areas							

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106-60413 PM-Electricity Common Areas - Continued							
12-22-2004	PJ	520536	2503144- BS7		83.17		
12-22-2004	PJ	520536	2503145- BS7		36.30		
12-22-2004	PJ	520536	2503964- BS1		179.34		
12-22-2004	PJ	520536	2503973- BS2		120.33		
12-22-2004	PJ	520536	2503976- BS3		61.70		
12-22-2004	PJ	520536	2503978- BS4		94.90		
12-22-2004	PJ	520536	2503979- BS5		108.50		
12-22-2004	PJ	520536	2503984- BS6		80.09		
12-22-2004	PJ	520536	2915867- 3443 Addicks Clodine Rd.		657.98		
Total Account 106-60413 - PM-Electricity Common Area				18,466.89*	1,422.31*	.00*	19,889.20*
106-60415 PM-Electricity Standing Units							
12-09-2004	PJ	520536	2503111- #5301		6.00		
12-09-2004	PJ	520536	2503490- #3201		19.10		
12-09-2004	PJ	520536	2503647- #3306		20.80		
12-09-2004	PJ	520536	3697398- #3101		39.17		
12-09-2004	PJ	520536	3739387- #6304		31.76		
12-09-2004	PJ	520536	3883030- #3202		16.49		
12-09-2004	PJ	520536	3883214- #3302		80.12		
12-09-2004	PJ	520536	4019256- #5303		14.41		
12-09-2004	PJ	520536	4019258- #6204		40.81		
12-17-2004	PJ	520536	4165241- #6106		23.03		
12-17-2004	PJ	520536	4172053- #4206		53.53		
12-22-2004	PJ	520536	2503181- #5104		33.63		
12-22-2004	PJ	520536	2503212- #5307		58.26		
12-22-2004	PJ	520536	2503590- #3205		22.54		
12-22-2004	PJ	520536	2503943- #7301		24.25		
12-22-2004	PJ	520536	2503950- #7303		27.76		
12-22-2004	PJ	520536	2504062- #4201		11.59		
12-22-2004	PJ	520536	2504174- #4304		56.29		
12-22-2004	PJ	520536	2504205- #6301		20.24		
12-22-2004	PJ	520536	2504308- #6208		24.55		
12-22-2004	PJ	520536	2504753- #6307		24.48		
12-22-2004	PJ	520536	3625352- #5103		53.73		
12-22-2004	PJ	520536	3625363- #5308		19.71		
12-22-2004	PJ	520536	3971307- #6103		11.20		
12-22-2004	PJ	520536	4019255- #5201		21.26		
12-22-2004	PJ	520536	4019259- #6303		19.60		
12-22-2004	PJ	520536	4129236- #5205		78.98		
12-27-2004	PJ	520536	2504174- #4304		36.78		
Total Account 106-60415 - PM-Electricity Standing Un				17,016.65*	890.07*	.00*	17,906.72*
106-60423 PM-Water Charges - Gross							
12-21-2004	PJ	220047	0267279/ 00316 0267279		12.00		
12-21-2004	PJ	220047	0267289/ 00316 0267289		576.00		
12-21-2004	PJ	220047	0267290/ 00316 0267290		231.55		
12-21-2004	PJ	220047	0267291/ 00316 0267291		576.00		
12-21-2004	PJ	220047	0267295/ 00316 0267295		12.00		
12-21-2004	PJ	220047	0267296/ 00316 0267296		576.00		
12-21-2004	PJ	220047	0267297/ 00316 0267297		127.40		
12-21-2004	PJ	220047	0267299/ 00316 0267299		288.00		
12-21-2004	PJ	220047	0267300/ 00316 0267300		299.40		
12-21-2004	PJ	220047	0267301/ 00316 0267301		12.00		
12-21-2004	PJ	220047	0267302/ 00316 0267302		576.00		
12-21-2004	PJ	220047	0267304/ 00316 0267304		24.00		
12-21-2004	PJ	220047	0267305/ 00316 0267305		576.00		
12-21-2004	PJ	220047	0267307/ 00316 0267307		288.00		
12-21-2004	PJ	220047	0267308/ 00316 0267308		12.00		
12-21-2004	PJ	220047	0267309/ 00316 0267309		25.36		
Total Account 106-60423 - PM-Water Charges - Gross				54,473.55*	4,211.71*	.00*	58,685.26*
106-60435 PM-Sewer - Standing Units							
Total Account 106-60435 - PM-Sewer - Standing Units				31.77*	.00*	.00*	31.77*
106-60463 PM-Garbage/Trash Pickup							
12-17-2004	PJ	060073	041100/1 1-0288-0375543		856.55		
12-17-2004	PJ	060073	041100/1 (Rev)1-0288-0375543		856.55-		
12-17-2004	PJ	060073	041100CP 1-0288-0375543		856.55		
Total Account 106-60463 - PM-Garbage/Trash Pickup				8,782.03*	856.55*	.00*	9,638.58*
106-60501 PM-Exterminating Contract							
12-22-2004	PJ	670505	55170 December Service		146.14		
Total Account 106-60501 - PM-Exterminating Contract				3,645.25*	146.14*	.00*	3,791.39*
106-60503 PM-Exterminating Supplies							
Total Account 106-60503 - PM-Exterminating Supplies				79.47*	.00*	.00*	79.47*
106-60520 PM-Grounds - General Supplies							
Total Account 106-60520 - PM-Grounds - General Suppl				90.43*	.00*	.00*	90.43*
106-60525 PM-Grounds - Contract Maintenance							
12-09-2004	PJ	060511	5978 December Landscape		1,227.56		
12-31-2004	GL	mn1204-3	reverse 11/04 accruals			1,227.56-	
12-31-2004	GL	lk1204-2	reverse mn1204-3		1,227.56		
Total Account 106-60525 - PM-Grounds - Contract Main				13,503.16*	2,455.12*	1,227.56-*	14,730.72*
106-60530 PM-Grounds - Annual Plantings							

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106-60530 PM-Grounds - Annual Plantings - Continued				
Total Account 106-60530 - PM-Grounds - Annual Planti	2,507.51*	.00*	.00*	2,507.51*
106-60540 PM-Grounds - Maint. Gates & Fences				
12-17-2004 PJ 370631 126891 1-CITYP02		262.99		
Total Account 106-60540 - PM-Grounds - Maint. Gates	155.00*	262.99*	.00*	417.99*
106-60555 PM Grounds Swimming Pool supplies				
Total Account 106-60555 - PM Grounds Swimming Pool s	616.68*	.00*	.00*	616.68*
106-60570 PM-Building - General Supplies				
Total Account 106-60570 - PM-Building - General Supp	487.15*	.00*	.00*	487.15*
106-60576 PM - Building Generator/Service Repairs				
Total Account 106-60576 - PM - Building Generator/Se	61.04*	.00*	.00*	61.04*
106-60578 PM-Security System Repair/Maint.				
12-09-2004 PJ 440530 22776 replaced bad keypad		70.36		
Total Account 106-60578 - PM-Security System Repair/	205.67*	70.36*	.00*	276.03*
106-60580 PM-Building - Electrical Maintenance				
Total Account 106-60580 - PM-Building - Electrical M	566.20*	.00*	.00*	566.20*
106-60585 PM-Building - Plumbing Maintenance				
Total Account 106-60585 - PM-Building - Plumbing Mai	1,626.97*	.00*	.00*	1,626.97*
106-60590 PM-Building - HVAC Systems Maint.				
Total Account 106-60590 - PM-Building - HVAC Systems	551.08*	.00*	.00*	551.08*
106-60605 PM-Turnover-Janitorial/Cleaning Supplies				
Total Account 106-60605 - PM-Turnover-Janitorial/Cle	1,671.66*	.00*	.00*	1,671.66*
106-60610 PM-Turnover - Floor Coverings				
12-09-2004 PJ 020384 1885 #7201,7303,4206--clean & deo		161.29		
12-09-2004 PJ 020384 1888 #1108,6207, & 7205--clean & de		64.95		
12-09-2004 PJ 020384 1916 #4304--clean & deo		117.99		
12-09-2004 PJ 020384 1920 #7107,3106,7101,6106--clean &		182.94		
Total Account 106-60610 - PM-Turnover - Floor Coveri	5,585.68*	527.17*	.00*	6,112.85*
106-60615 PM-Turnover - Paint & Wallcoverings				
12-09-2004 PJ 260710 2103 4206,6106,3201,6103,3205,4304,		1,257.43		
12-09-2004 PJ 350815 4491 #2101--full paint		427.25		
12-17-2004 PJ 260710 2147 #6307,2201,3306		723.87		
12-22-2004 PJ 260710 2170 6303,6208,2205,5104,5201		1,149.79		
Total Account 106-60615 - PM-Turnover - Paint & Wall	7,473.02*	3,558.34*	.00*	11,031.36*
106-60620 PM-Turnover - Window & Door Maint.				
Total Account 106-60620 - PM-Turnover - Window & Doo	1,660.74*	.00*	.00*	1,660.74*
106-60625 PM-Turnover - Furniture/Fixtures				
Total Account 106-60625 - PM-Turnover - Furniture/Fi	9.58*	.00*	.00*	9.58*
106-60630 PM-Turnover - Appliances				
Total Account 106-60630 - PM-Turnover - Appliances	314.47*	.00*	.00*	314.47*
106-60635 PM-Turnover - Window Coverings				
Total Account 106-60635 - PM-Turnover - Window Cover	447.16*	.00*	.00*	447.16*
106-60640 PM- Turnover supplies				
Total Account 106-60640 - PM- Turnover supplies	56.77*	.00*	.00*	56.77*
106-60650 PM-Equipment Maint. & Repair				
Total Account 106-60650 - PM-Equipment Maint. & Repa	28.06*	.00*	.00*	28.06*
106-60655 PM-Equipment - Small Tools				
Total Account 106-60655 - PM-Equipment - Small Tools	503.21*	.00*	.00*	503.21*
106-60710 PM-Management Fee				
12-31-2004 PJ 020468 mgmtfeeD mgmt fee - Dec - West Oaks		3,147.45		
12-31-2004 PJ 170046 mgmtfeeD mgmt fee - Dec - West Oaks		1,694.78		
Total Account 106-60710 - PM-Management Fee	57,078.00*	4,842.23*	.00*	61,920.23*
106-60715 PM - Payroll fee				
Total Account 106-60715 - PM - Payroll fee	100.00*	.00*	.00*	100.00*
106-60810 PM-Real Estate Taxes				
12-31-2004 GL ar1204 Accrue 12/04 RE Tax		17,596.00		
12-31-2004 GL ar1204-3 Harris M Post 2003 Tax Pymt		67,843.56		

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
106-60810 PM-Real Estate Taxes - Continued							
12-31-2004	GL	ar1204-3	Alief Post 2003 Tax Pymt		133,691.72		
12-31-2004	GL	ar1204-A	Harris M R/C-Tax Invoice to be voided			47,912.12-	
12-31-2004	GL	ar1204-A	Alief R/C-Tax Invoice to be voided			94,415.06-	
12-31-2004	GL	ar1204-B	PaulBett R/C-2003 RE Tax Invoice		41,918.60		
12-31-2004	GL	ar1204-C	PaulBett R/C-2003 Tax Pen-Wrg Acct		3,772.68		
12-31-2004	GL	ar1204-D	PaulBett Accrue 03 addit RE Tax Pen		16,480.57		
12-31-2004	GL	ar1204-E	Bring 2004 RE Tax to actual			25,637.73-	
Total Account 106-60810 - PM-Real Estate Taxes				211,152.00*	281,303.13*	167,964.91-*	324,490.22*
106-60875 PM-Property Insurance							
12-31-2004	GL	ar1204	Accrue 12/04 Ins		2,966.00		
12-31-2004	GL	ar1204-I	R/C-Ins reimbursement			7,609.00-	
12-31-2004	GL	ar1204-J	Bring Ins Exp To Actual		22,923.43		
Total Account 106-60875 - PM-Property Insurance				32,626.00*	25,889.43*	7,609.00-*	50,906.43*
106-60910 PM-Replacements Carpet/Flooring							
12-09-2004	PJ	520503	355555 4972001		620.13		
Total Account 106-60910 - PM-Replacements Carpet/Flo				12,296.16*	620.13*	.00*	12,916.29*
106-60915 PM-Replacements - Appliances							
12-28-2004	PJ	670978	57044452 refrig, stove, microwave		1,602.10		
Total Account 106-60915 - PM-Replacements - Applianc				.00*	1,602.10*	.00*	1,602.10*
106-60925 PM-Replacements - Window Coverings							
Total Account 106-60925 - PM-Replacements - Window C				468.02*	.00*	.00*	468.02*
106-91200 EXP-Interest on Bank/Investor Loans							
12-01-2004	PJ	670538	12175708 Loan # 12175708 WO Dec04		60,226.75		
12-31-2004	GL	ar1204-8	Bring D/S Exp to actual		66.66		
12-31-2004	GL	ar1204-w	R/C-2003 Post Error-Int Exp		87,573.00		
12-31-2004	GL	ar1204-x	Reverse 12/03 Int Accrual			3,996.00-	
12-31-2004	GL	ar1204-y	Accrue 12/04 Mort Int		60,203.17		
Total Account 106-91200 - EXP-Interest on Bank/Inves				663,944.46*	208,069.58*	3,996.00-*	868,018.04*
106-93200 INC-Interest from Other Sources							
12-31-2004	GL	ar1204-1	Interest earned thru 12/04			860.39-	
12-31-2004	GL	ar1204-s	Interest earned - 12/04			14.90-	
Total Account 106-93200 - INC-Interest from Other So				154.41-*	.00*	875.29-*	1,029.70-*
106-97200 PRTNR-Audit and Tax Return Fees							
12-20-2004	PJ	520652	302225 00201265-0009 WO 123103 Financ		1,750.00		
Total Account 106-97200 - PRTNR-Audit and Tax Return				19,340.00*	1,750.00*	.00*	21,090.00*
106-97400 PRTNR-Other Partnership Admin Expense							
12-31-2004	GL	ar1204-7	Post Oversight Fee		2,147.86		
12-31-2004	GL	ar1204-c	Reverse 2003 Accrual			4,200.00-	
12-31-2004	GL	ar1204-e	Reverse 2003 Prepaid		332.37		
12-31-2004	GL	SH123120	Record bank fees ptnrship 2004		180.00		
Total Account 106-97400 - PRTNR-Other Partnership Ad				22,750.00*	2,660.23*	4,200.00-*	21,210.23*
Total Company 106 - WestOaks/FinlayPartnersIII, LP				.00*	3,195,284.05*	3,195,284.05-*	.00*
GRAND TOTALS				.00*	3,195,284.05*	3,195,284.05-*	.00*

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
1101	C1	O	818.00	Lymas, Jennifer	1	CA	RENT	828.00	PX	GTOL	-10.00		
						CA	GTOR	-10.00				828.00	-3.00
1102	C1	O	818.00	Pickney, Joseph	1	CA	RENT	780.00	PX	LTOL	38.00		
						CA	LTOR	38.00				780.00	0.00
1103	B1	O	710.00	Guevera, Juan	1	CH	MTOM	0.00					
						CA	RENT	710.00				710.00	0.00
1104	B1	O	710.00	**Manuel, Miesha	1	CH	MTOM	0.00					
						CA	RENT	710.00				710.00	0.00
1105	B1	O	710.00	Hayes, Anjeanette	1	CA	RENT	710.00				710.00	0.00
1106	B1	O	710.00	Fairfax, Sona	1	CA	RENT	721.00	PX	GTOL	-11.00		
						CA	GTOR	-11.00				721.00	92.00
1107	C1	O	818.00	Brown, Felicia	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	0.00
1108	C1	O	818.00	Hudson, Elizabeth	1	CA	RENT	818.00				818.00	-25.00
1201	C1	O	818.00	Dunn, Jamanda	1	CA	RENT	760.00	PX	LTOL	58.00		
						CA	LTOR	58.00				760.00	0.00
1202	C1	O	818.00	**Toledano, Erica	1	CA	RENT	818.00				818.00	-0.27
1203	B1	O	710.00	Baroro, Leonides	1	CA	RENT	710.00				710.00	-19.00
1204	B1	O	710.00	Ortiz, Patrica	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	35.00
1205	B1	O	710.00	Bellemy, Delatha	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	827.00
1206	B1	O	710.00	Shaffer, Shanava	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	0.00
1207	C1	O	818.00	**Williams, Linda	1	CA	RENT	818.00				818.00	243.00
1208	C1	O	818.00	**Noel-Levy, Mary	1	CA	RENT	818.00				818.00	-0.40
1301	C1	O	818.00	**Herrera, Yvette	1	CA	RENT	818.00				818.00	1755.71
1302	C1	O	818.00	**Melvin, Diaunta	1	CA	RENT	818.00				818.00	1723.77
1303	B1	O	710.00	Rendon, Vanessa	1	CA	RENT	710.00				710.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
1304	B1	O	710.00	**Hilliard Lisa**	1	CA	RENT	710.00				710.00	0.00
1305	B1	O	710.00	Perez, Margarita	1	CA	RENT	662.00	PX	LTOL	48.00		
						CA	LTOR	48.00				662.00	0.00
1306	B1	O	710.00	Thompson, Andria	1	CA	RENT	710.00				710.00	0.00
1307	C1	O	818.00	Hernandez, Kristina	1	CA	RENT	750.00	PX	LTOL	68.00		
						CA	LTOR	68.00				750.00	0.00
1308	C1	O	818.00	Proctor, Neala	1	CA	RENT	818.00				818.00	1436.00
2101	C1	O	818.00	Koteras, Shelley	1	CA	RENT	760.00	PX	LTOL	58.00		
						CA	LTOR	58.00				760.00	0.00
2102	C1	O	818.00	**Hilton, Alice	1	CA	RENT	818.00					
						CH	MTOM	0.00				818.00	-0.07
2103	B1	O	710.00	**Green, Vera	1	CA	RENT	700.00	PX	LTOL	10.00		
						CA	LTOR	10.00				700.00	-4.00
2104	B1	O	710.00	Morris, Tina	1	CA	RENT	662.00	PX	LTOL	48.00		
						CA	LTOR	48.00				662.00	0.00
2105	B1	O	710.00	Young, Dee Dee	1	CA	RENT	710.00				710.00	0.00
2106	B1	O	710.00	**Tezino, Marilyn	1	CA	RENT	710.00				710.00	646.00
2107	C1	O	818.00	Broughton, Roberta	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	50.85
2108	C1	O	818.00	**Burnom, Julie	1	CA	RENT	818.00				818.00	16.00
2201	C1	O	818.00	Barroso, Leigh	1	CA	RENT	828.00	PX	GTOL	-10.00		
						CA	GTOR	-10.00				828.00	0.00
2202	C1	O	818.00	**Morrow, Samantha	1	CA	RENT	831.00	PX	GTOL	-13.00		
						CA	GTOR	-13.00				831.00	0.00
2203	B1	O	710.00	**Mc Cants, Latisha	1	CA	RENT	710.00				710.00	-44.00
2204	B1	O	710.00	**Bogany, Christa	1	CA	RENT	640.00	PX	LTOL	70.00		
						CA	LTOR	70.00				640.00	0.00
2205	B1	O	710.00	Ramirez, Amelia	1	CA	RENT	710.00				710.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges		Charges Amount	Credits		Credits Amount	Net Change In Balance	Resident Balance
							Code	Amount		Code	Amount	Net Change In Balance	Resident Balance
2206	B1	O	710.00	Randle, Astrider	1	CA	RENT	721.00	PX	GTOL	-11.00		
						CA	GTOR	-11.00				721.00	0.00
2207	C1	O	818.00	Guzman, Guillermo	1	CA	RENT	818.00				818.00	0.00
2208	C1	O	818.00	**Milligan, Anna	1	CA	RENT	818.00				818.00	-409.00
2301	C1	O	818.00	**Penn, Cleo	1	CA	RENT	818.00				818.00	0.00
2302	C1	O	818.00	**Narcisse,Stephanie	1	CA	RENT	818.00				818.00	0.00
2303	B1	O	710.00	Coleman, Ronald	1	CH	MTOM	0.00	PX	LTOL	19.00		
						CA	RENT	691.00					
						CA	LTOR	19.00				691.00	-39.00
2304	B1	O	710.00	**Edwards, Ebony	1	CA	RENT	710.00	PW	CONC	70.00	640.00	0.00
2305	B1	O	710.00	Hossain, Kazi	1	CA	RENT	691.00	PR	EMPL	691.00		
						CA	LTOR	19.00	PX	LTOL	19.00	0.00	0.00

*** WARNING *** Resident Hossain, Kazi Has Auto-Bill Transactions That Net To Zero *** WARNING ***

Unit	Type	Stat	Market	Name	Entity	Charges		Charges Amount	Credits		Credits Amount	Net Change In Balance	Resident Balance
2306	B1	O	710.00	Nuguen, Nina	1	CA	RENT	662.00	PX	LTOL	48.00		
						CA	LTOR	48.00				662.00	0.00
2307	C1	O	818.00	Udoh, Eno	1	CA	RENT	780.00	PX	LTOL	38.00		
						CA	LTOR	38.00				780.00	0.00
2308	C1	O	818.00	Johnson, Angela	1	CA	RENT	818.00				818.00	0.00
3101	C1	O	818.00	**Wilburn, Helena	1	CA	RENT	818.00				818.00	1390.60
3102	C1	O	818.00	**Griffin, Kimberly	1	CA	RENT	831.00	PX	GTOL	-13.00		
						CA	GTOR	-13.00				831.00	-55.00
3103	B1	O	710.00	**Gladney, Devin	1	CA	RENT	690.00	PX	LTOL	20.00		
						CA	LTOR	20.00				690.00	0.00
3104	B1	O	710.00	Hardy, Latoya	1	CA	RENT	721.00	PX	GTOL	-11.00		
						CA	GTOR	-11.00				721.00	-1.00
3105	B1	O	710.00	Mitchell, Jerlean	1	CA	RENT	710.00				710.00	0.00
3106	B1	O	710.00	Hagens, Sharmion	1	CA	RENT	710.00				710.00	0.00
3107	C1	O	818.00	**Bennett, Amanda	1	CA	RENT	818.00				818.00	0.00
3108	C1	O	818.00	Palencia, Karla	1	CA	RENT	818.00				818.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
3201	C1	O	818.00	**James, Lisa	1	CA	RENT	818.00				818.00	0.00
3202	C1	O	818.00	**Robinson, Belincia	1	CA	RENT	818.00				818.00	0.00
3203	B1	O	710.00	Delane, Tammie	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	0.00
3204	B1	O	710.00	**Miller, Nyesha	1	CA	RENT	710.00					
						CH	MTOM	0.00				710.00	0.00
3205	B1	V	710.00	Vacant Unit	1	CA	RENT	710.00	PT	VAC	710.00	0.00	0.00
3206	B1	O	710.00	Molina, Isreal	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
3207	C1	O	818.00	Pressley, Angelina	1	CA	RENT	818.00					
						CH	MTOM	0.00				818.00	2049.00
3208	C1	O	818.00	**Walters, Olivia	1	CA	RENT	818.00				818.00	0.00
3301	C1	O	818.00	**Couthon, Darlicia	1	CA	RENT	818.00				818.00	0.00
3302	C1	O	818.00	**Robinson, James	1	CA	RENT	818.00				818.00	60.00
3303	B1	O	710.00	Shah,Rashmikant	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	0.00
3304	B1	O	710.00	Davis, Ingrid	1	CA	RENT	710.00				710.00	0.00
3305	B1	O	710.00	Cook, Rajence	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
3306	B1	O	710.00	Wilson, Paul	1	CA	RENT	710.00				710.00	0.00
3307	C1	O	818.00	Williams, Ethel	1	CA	RENT	818.00				818.00	-13.00
3308	C1	O	818.00	Foucher, Kendra	1	CA	RENT	818.00				818.00	0.00
4101	C1	O	818.00	Lara, Sandra	1	CA	RENT	818.00				818.00	0.00
4102	C1	O	818.00	Jackson, Vanessa	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	180.00
4103	B1	O	710.00	**Cobb,China	1	CA	RENT	640.00	PX	LTOL	70.00		
						CA	LTOR	70.00				640.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
4104	B1	O	710.00	Ramirez, Jadira	1	CA	RENT	710.00				710.00	0.00
4105	B1	O	710.00	Campbell, Rosondra	1	CA	RENT	667.00	PX	LTOL	43.00		
						CA	LTOR	43.00				667.00	0.00
4106	B1	O	710.00	Sanders, David	1	CA	RENT	700.00	PX	LTOL	10.00		
						CA	LTOR	10.00				700.00	95.00
4107	C1	O	818.00	Watson, David	1	CA	RENT	818.00				818.00	0.00
4108	C1	O	818.00	**Greaves, Belkins	1	CA	RENT	818.00				818.00	0.00
4201	C1	O	818.00	Williams, Harold	1	CA	RENT	818.00				818.00	-189.71
4202	C1	O	818.00	**Ward, Rosie	1	CA	RENT	818.00				818.00	0.00
4203	B1	O	710.00	Reynolds, Eric	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
4204	B1	O	710.00	Houston, Harold	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
4205	B1	O	710.00	**Hargrove, Sharron	1	CA	RENT	710.00				710.00	262.00
4206	B1	O	710.00	**Grant, Gladys	1	CA	RENT	687.00	PX	LTOL	23.00		
						CA	LTOR	23.00				687.00	0.00
4207	C1	O	818.00	Hudson, Patricia	1	CA	RENT	760.00	PX	LTOL	58.00		
						CA	LTOR	58.00				760.00	0.00
4208	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
4301	C1	O	818.00	**Gage, Rachel	1	CA	RENT	818.00					
						CH	MTOM	0.00				818.00	1051.00
4302	C1	O	818.00	Hernandez, Jose	1	CA	RENT	828.00	PX	GTOL	-10.00		
						CA	GTOR	-10.00				828.00	905.00
4303	B1	O	710.00	White, Rashonda	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	-5.00
4304	B1	O	710.00	Pittman, Randle	1	CA	RENT	710.00				710.00	0.00
4305	B1	O	710.00	Wright, Randy	1	CH	MTOM	0.00	PX	LTOL	19.00		
						CA	RENT	691.00					
						CA	LTOR	19.00				691.00	952.00

Unit	Type	Stat	Market	Name	Entity	Charges	Charges Code	Charges Amount	Credits	Credits Code	Credits Amount	Net Change In Balance	Resident Balance
4306	B1	V	710.00	Vacant Unit	1	CA	RENT	710.00	PT	VAC	710.00	0.00	0.00
4307	C1	O	818.00	**Ferguson, Chandra	1	CA	RENT	818.00				818.00	0.00
4308	C1	O	818.00	Erzell, Odessa	1	CA	RENT	818.00					
						CH	MTOM	0.00				818.00	0.00
5101	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
5102	C1	O	818.00	Freeman, Kim	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	877.00
5103	B1	O	710.00	Marin, Laura	1	CA	RENT	710.00				710.00	-16.03
5104	B1	V	710.00	Vacant Unit	1	CA	RENT	710.00	PT	VAC	710.00	0.00	0.00
5105	B1	O	710.00	**Nasberg, Laurie	1	CA	RENT	710.00				710.00	0.00
5106	B1	O	710.00	**Bettison, Delores	1	CA	RENT	710.00	PW	CONC	19.00	691.00	-14.87
5107	C1	O	818.00	Woods, Jessica	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	0.00
5108	C1	O	818.00	Perkins, Barbara	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	115.00
5201	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
5202	C1	O	818.00	Chan, Honning	1	CH	MTOM	0.00					
						CA	RENT	818.00				818.00	0.00
5203	B1	O	710.00	**Colbert, Kimberly	1	CA	RENT	710.00					
						CH	MTOM	0.00				710.00	-178.00
5204	B1	O	710.00	Hall, Carrie	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	111.00
5205	B1	V	710.00	Vacant Unit	1	CA	RENT	710.00	PT	VAC	710.00	0.00	0.00
5206	B1	O	710.00	Davis, Leslie	1	CA	RENT	710.00					
						CH	MTOM	0.00				710.00	720.00
5207	C1	O	818.00	Bailey, Jeanette	1	CA	RENT	818.00				818.00	468.00
5208	C1	O	818.00	**Celestine, Sharon	1	CA	RENT	818.00				818.00	0.00
5301	C1	O	818.00	**Anderson, Ronda	1	CA	RENT	818.00				818.00	818.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
5302	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
5303	B1	O	710.00	Roberts, Cruselda	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
5304	B1	O	710.00	Sanders, Vanessa	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	80.00
5305	B1	O	710.00	Magezi, Aaron	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	-1.00
5306	B1	O	710.00	Reese, Jessica	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
5307	C1	O	818.00	Chin, Lori	1	CA	RENT	750.00	PX	LTOL	68.00		
						CA	LTOR	68.00				750.00	0.00
5308	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
6101	C1	O	818.00	Smith, Deborah	1	CA	RENT	818.00				818.00	45.00
6102	C1	O	818.00	**Carter, Margaret	1	CA	RENT	818.00				818.00	0.00
6103	B1	O	710.00	Jones, Kathlene	1	CA	RENT	710.00				710.00	0.00
6104	B1	O	710.00	Couthon, Demetree	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	-111.00
6105	B1	O	710.00	Martinez, Barbara	1	CA	RENT	710.00				710.00	0.00
6106	B1	O	710.00	Watson, Cynthia	1	CA	RENT	710.00				710.00	0.00
6107	C1	O	818.00	Wallace, Karen	1	CA	RENT	818.00				818.00	0.00
6108	C1	O	818.00	**Mamou, Shelly	1	CA	RENT	818.00				818.00	0.00
6201	C1	O	818.00	**Smith, Kia	1	CA	RENT	818.00				818.00	199.00
6202	C1	O	818.00	**Jacob, Tonia	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	118.00
6203	B1	O	710.00	**Arrington, Althea	1	CA	RENT	710.00				710.00	-279.00
6204	B1	O	710.00	Baker, Quanasier	1	CA	RENT	710.00				710.00	-37.33
6205	B1	O	710.00	**Lamb, Connie	1	CA	RENT	710.00				710.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
6206	B1	O	710.00	**Jones, Karen	1	CA	RENT	710.00				710.00	-14.00
6207	C1	O	818.00	Powe, Debra	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	0.00
6208	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
6301	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
6302	C1	O	818.00	Gueye, Seynabou	1	CA	RENT	818.00				818.00	0.00
6303	B1	V	710.00	Vacant Unit	1	CA	RENT	710.00	PT	VAC	710.00	0.00	0.00
6304	B1	O	710.00	Banks, Cynthia	1	CA	RENT	680.00	PX	LTOL	30.00		
						CA	LTOR	30.00				680.00	0.00
6305	B1	O	710.00	**Kimbler, Rhonda	1	CA	RENT	679.00	PX	LTOL	31.00		
						CA	LTOR	31.00				679.00	0.00
6306	B1	O	710.00	**August, Diane	1	CA	RENT	710.00					
						CH	MTOM	0.00				710.00	-155.00
6307	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
6308	C1	O	818.00	Smith, Omar	1	CA	RENT	780.00	PX	LTOL	38.00		
						CA	LTOR	38.00				780.00	0.00
7101	C1	O	818.00	Taylor, Maria	1	CA	RENT	818.00				818.00	2780.00
7102	C1	O	818.00	**Clark, Martha	1	CA	RENT	818.00				818.00	-17.00
7103	B1	O	710.00	Hillsman, Dana	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	0.00
7104	B1	O	710.00	Moses, Shana	1	CA	RENT	710.00				710.00	-0.49
7105	B1	O	710.00	Gonzales, Echo	1	CA	RENT	710.00				710.00	0.00
7106	B1	O	710.00	Nunez, Veronica	1	CA	RENT	662.00	PX	LTOL	48.00		
						CA	LTOR	48.00				662.00	0.00
7107	C1	O	818.00	Daniels, Joy	1	CA	RENT	818.00				818.00	0.00
7108	C1	O	818.00	**Jiles, Sharon	1	CA	RENT	818.00				818.00	0.00
7201	C1	O	818.00	Bravo, Stephanie	1	CA	RENT	818.00				818.00	0.00

Unit	Type	Stat	Market	Name	Entity	----- Charges -----	Code	Amount	----- Credits -----	Code	Amount	Net Change In Balance	Resident Balance
7202	C1	O	818.00	Lewis, Sandra	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	0.00
7203	B1	O	710.00	**Edwards, Shirley	1	CA	RENT	710.00				710.00	0.00
7204	B1	O	710.00	**Foman, Yolanda	1	CA	RENT	721.00	PX	GTOL	-11.00		
						CA	GTOR	-11.00				721.00	0.00
7205	B1	O	710.00	**Young, Gail	1	CA	RENT	710.00				710.00	-36.00
7206	B1	O	710.00	**Baily, Lacrecha	1	CA	RENT	710.00				710.00	0.00
7207	C1	O	818.00	Keener, Bennie	1	CA	RENT	818.00				818.00	0.00
7208	C1	O	818.00	Brame, Robert	1	CA	RENT	818.00				818.00	1636.00
7301	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
7302	C1	O	818.00	**Odom, Tammy	1	CA	RENT	818.00				818.00	0.00
7303	B1	O	710.00	Garbajal, Jacquelin	1	CA	RENT	710.00				710.00	0.00
7304	B1	O	710.00	**Bailey, Ajani	1	CA	RENT	692.00	PX	LTOL	18.00		
						CA	LTOR	18.00				692.00	-147.20
7305	B1	O	710.00	Stacy Employee Unit	1	CA	RENT	710.00	PR	EMPL	710.00	0.00	0.00

*** WARNING *** Resident Stacy Employee Unit Has Auto-Bill Transactions That Net To Zero *** WARNING ***

7306	B1	O	710.00	Cole, Emmanuel	1	CA	RENT	691.00	PX	LTOL	19.00		
						CA	LTOR	19.00				691.00	100.00
7307	C1	V	818.00	Vacant Unit	1	CA	RENT	818.00	PT	VAC	818.00	0.00	0.00
7308	C1	O	818.00	Cooksey, Derek	1	CA	RENT	793.00	PX	LTOL	25.00		
						CA	LTOR	25.00				793.00	886.06
			128352.00					128352.00			14787.00	113565.00	20908.62
						CA	RENT	126785.00	PX	GTOL	-100.00		
						CA	GTOR	-100.00	PX	LTOL	1667.00		
						CA	LTOR	1667.00	PW	CONC	89.00		
						CH	MTOM	0.00	PR	EMPL	1401.00		
									PT	VAC	11730.00		

Total Market Rent: $ 128,352.00 - Gain/Loss To Lease: $ -1,567.00 Net Rent: $ 126,785.00

MONTHLY FINANCIAL PACKAGE

Property Code/Name: 134 Green Crest Apartments

Accounting Period: December-04

Financial Reporting Package:

- [X] Cover Sheet Checklist
- [X] Income Statement-P&L Variance Report
- [X] Twelve (12) Month Profit & Loss Statement
- [X] Balance Sheet
- [X] Unit Statistics Report
- [X] General Ledger
- [X] Rent Roll
- [X] Delinquent Residents Report

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
Income						
Gross Potential Rental Income						
PM-Gross Potential Rent-Apartments	$ 149,260	$ 153,984	$ (4,724)	$ 1,791,120	$ 1,796,929	$ (5,809)
PM-Rent Below Current Market Value		(7,217)	7,217		(27,238)	27,238
Gross Potential Rental Income	$ 149,260	$ 146,767	$ 2,493	$ 1,791,120	$ 1,769,691	$ 21,429
Vacancies & Rent Adjustments						
PM-Vacancy Loss-Apartments	$ (14,926)	$ (9,747)	$ (5,179)	$ (694,059)	$ (547,803)	$ (146,256)
PM-Bad Debts & Collection Loss	(500)	(24,847)	24,347	(6,000)	(70,761)	64,761
PM-Rent Concessions		(4,156)	4,156		(101,949)	101,949
PM-NRP Employee Units	(2,034)	(1,406)	(628)	(24,408)	(16,370)	(8,038)
Vacancies & Rent Adjustments	$ (17,460)	$ (40,156)	$ 22,696	$ (724,467)	$ (736,883)	$ 12,416
Other Income						
PM-Laundry Facility Revenue	$ 100		$ 100	$ 1,200	$ 330	$ 870
PM-Vending Machine Commissions		353	(353)		409	(409)
PM-Clubhouse Rental Income					654	(654)
PM-NSF Charge	100		100	1,200		1,200
PM-Late Charges	250	1,897	(1,647)	3,000	18,126	(15,126)
PM-Damages and Cleaning Fees	125		125	1,500	515	985
PM-Lease Cancellation Fees		608	(608)		2,766	(2,766)
PM-Forfeited Security Deposits	100	100		1,200	4,800	(3,600)
PM-Application Fees	500	420	80	6,000	7,943	(1,943)
PM-Telephone Commissions/Fees		229	(229)		672	(672)
PM-Electricity Rebillings		518	(518)		2,524	(2,524)
PM-Other Revenue	50	25	25	600	344	256
Other Income	$ 1,225	$ 4,150	$ (2,925)	$ 14,700	$ 39,083	$ (24,383)
Total Income	$ 133,025	$ 110,761	$ 22,264	$ 1,081,353	$ 1,071,891	$ 9,462
Cost of Rental Operations						
Variable Operating Expenses						
Direct Payroll Expenses						
PM-Manager Salaries	$ 2,500	$ 14,086	$ (11,586)	$ 30,000	$ 121,044	$ (91,044)
PM-Asst. Manager Salaries	1,500		1,500	18,000		18,000
PM-Leasing Agents Payroll	1,500		1,500	18,000		18,000
PM-Grounds Payroll	1,500		1,500	18,000		18,000
PM-Building Maintenance/Repair	2,500		2,500	30,000		30,000
PM-Staff Bonuses		850	(850)		6,870	(6,870)
Direct Payroll Expenses	$ 9,500	$ 14,936	$ (5,436)	$ 114,000	$ 127,914	$ (13,914)
Payroll Taxes & Benefits						
PM-Payroll Taxes - FICA	$ 727	$ 1,294	$ (567)	$ 8,721	$ 6,840	$ 1,881
PM-Payroll Taxes - Medicare	142	149	(7)	1,710	1,446	264
PM-Payroll Taxes - SUTA	86	571	(485)	1,026	1,998	(972)
PM-Payroll Taxes - FUTA	72	80	(8)	872	413	459
PM-Workmen's Compensation	523	706	(183)	6,270	867	5,403
PM-Health Insurance		1,577	(1,577)		4,417	(4,417)
PM-Staff Uniforms				150	116	34
PM-Other Employee Benefits					(1,503)	1,503
Payroll Taxes & Benefits	$ 1,550	$ 4,377	$ (2,827)	$ 18,749	$ 14,594	$ 4,155
Marketing & Leasing Expenses						
PM-Media Advertising - Magazines	$ 500	$ 745	$ (245)	$ 6,000	$ 10,430	$ (4,430)
PM-Media Advertising - Other					313	(313)
PM-Promotional Activities	50		50	600	433	167
PM-On Site Social Programs/Activities				800		800
PM - Resident Relations	50		50	600		600
PM-Coop/Commission Expense	200		200	2,400	8,400	(6,000)
PM-Other Renting Expenses	100	22	78	1,200	4,318	(3,118)
Marketing & Leasing Expenses	$ 900	$ 767	$ 133	$ 11,600	$ 23,894	$ (12,294)

Administrative Expenses

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
PM-Computer Software & Support		$ 102	$ (102)		$ 437	$ (437)
PM-Rent Roll License & Support				800	974	(174)
PM-Small Computer Accessories	10		10	120		120
PM-Office Equipment - Copy Machine	200	503	(303)	2,400	3,650	(1,250)
PM-Office Security System - Monitoring	40		40	480	524	(44)
PM-Office Supplies	125		125	1,500	1,690	(190)
PM-Office Postage	50	18	32	600	592	8
PM-Legal Expense/Eviction Costs	100		100	1,200	201	999
PM-Telephone (Base & LD)	350	544	(194)	4,200	8,007	(3,807)
PM-Answering Services	75	156	(81)	900	1,222	(322)
PM-Credit Investigation Checks	200		200	2,400	4,153	(1,753)
PM-Criminal Background Checks	100		100	1,200		1,200
PM - Business Meals					80	(80)
PM-Auto/Travel Expenses	50		50	600	243	357
PM-Meetings & Seminars		(76)	76		468	(468)
PM-Dues & Memberships					5,671	(5,671)
PM-Bank Service Charges	10	760	(750)	120	2,988	(2,868)
PM-Late Payment Fees (Vendors)		256	(256)		2,987	(2,987)
PM-Miscellaneous Administrative Expens	750		750	9,000		9,000
Administrative Expenses	$ 2,060	$ 2,263	$ (203)	$ 25,520	$ 33,887	$ (8,367)
Utilities Expenses						
PM-Electricity Common Areas	$ 1,000	$ 1,529	$ (529)	$ 6,700	$ 18,188	$ (11,488)
PM-Electricity Standing Units	300	773	(473)	3,600	33,619	(30,019)
PM-Water Charges - Gross	1,500	4,614	(3,114)	15,600	33,902	(18,302)
PM-Sewer Charges - Gross	1,000		1,000	10,500		10,500
PM-Garbage/Trash Pickup	600	940	(340)	7,200	8,829	(1,629)
Utilities Expenses	$ 4,400	$ 7,856	$ (3,456)	$ 43,600	$ 94,538	$ (50,938)
Operating & Maintenance Expenses						
PM-Exterminating Contract	$ 150	$ 167	$ (17)	$ 1,800	$ 1,935	$ (135)
PM-Grounds - General Supplies					120	(120)
PM-Grounds - Contract Maintenance	1,583	1,351	232	19,000	16,212	2,788
PM-Grounds - Annual Plantings				1,000	1,000	
PM-Grounds - Maint. Gates & Fences					1,533	(1,533)
PM-Grounds - Swimming Pool Contract	500		500	6,000		6,000
PM Grounds Swimming Pool supplies					781	(781)
PM-Building - General Supplies	50		50	600	343	257
PM-Building - Fire System Repairs/Main	20		20	240		240
PM-Security System Repair/Maint.	500		500	6,000		6,000
PM-Building - Electrical Maintenance	25		25	300	88	212
PM-Building - Plumbing Maintenance	75		75	900		900
PM-Building - HVAC Systems Maint.	50		50	600		600
PM-Turnover-Janitorial/Cleaning Suppli	75		75	900	998	(98)
PM-Turnover - Floor Coverings					825	(825)
PM-Turnover - Paint & Wallcoverings	100	2,286	(2,186)	1,200	3,511	(2,311)
PM-Turnover - Window & Door Maint.					233	(233)
PM-Turnover - Appliances					90	(90)
PM-Turnover - Window Coverings	45		45	540		540
PM-Equipment Maint. & Repair	10		10	120		120
PM-Equipment - Small Tools	10		10	120	237	(117)
PM - Payroll fee					100	(100)
Operating & Maintenance Expenses	$ 3,193	$ 3,804	$ (611)	$ 39,320	$ 28,006	$ 11,314
Management Fee						
PM-Management Fee	$ 6,661	$ 4,768	$ 1,893	$ 54,118	$ 62,325	$ (8,207)
Management Fee	$ 6,661	$ 4,768	$ 1,893	$ 54,118	$ 62,325	$ (8,207)
Total Variable Operating Expenses	$ 28,264	$ 38,771	$ (10,507)	$ 306,907	$ 385,158	$ (78,251)

Fixed Operating Expenses

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
Property Taxes, Permits & Licenses						
PM-Real Estate Taxes	$ 15,000	$ 16,863	$ (1,863)	$ 180,000	$ 204,641	$ (24,641)
PM-Miscellaneous Taxes,Licenses&Permit					135	(135)
Property Taxes, Permits & Licenses	$ 15,000	$ 16,863	$ (1,863)	$ 180,000	$ 204,776	$ (24,776)

Property Insurance

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Income Statement
For the 12 Months Ended December 31, 2004

	Current Budget	Current Actual	Current Variance	YTD Budget	YTD Actual	YTD Variance
PM-Property Insurance	$ 3,390		$ 3,390	$ 40,674	$ 58,404	$ (17,730)
PM-General Liability Insurance	1,234		1,234	14,812		14,812
PM-Other Insurance	245		245	2,947		2,947
Property Insurance	$ 4,869		$ 4,869	$ 58,433	$ 58,404	$ 29
Major Repairs & Replacements						
PM-Replacements - Appliances		$ 2,333	$ (2,333)		$ 2,333	$ (2,333)
PM-Replacements - Window Coverings					141	(141)
PM - Replacements - Exterior repairs					2,160	(2,160)
Major Repairs & Replacements		$ 2,333	$ (2,333)		$ 4,634	$ (4,634)
Total Fixed Operating Expenses	$ 19,869	$ 19,196	$ 673	$ 238,433	$ 267,814	$ (29,381)
Total Cost of Rental Operations	$ 48,133	$ 57,967	$ (9,834)	$ 545,340	$ 652,972	$ (107,632)
Other Income (Expense)						
Interest Expense						
EXP-Interest on Bank/Investor Loans	$ 79,930	$ 72,889	$ 7,041	$ 959,163	$ 898,701	$ 60,462
Interest Expense	$ 79,930	$ 72,889	$ 7,041	$ 959,163	$ 898,701	$ 60,462
Interest Income						
INC-Interest from Other Sources		$ 9,272	$ (9,272)		$ 35,407	$ (35,407)
Interest Income		$ 9,272	$ (9,272)		$ 35,407	$ (35,407)
Miscellaneous Income						
Partnership Administration						
PRTNR-Audit and Tax Return Fees					$ 9,420	$ (9,420)
PRTNR-Other Taxes and Licenses				3,500	576	2,924
PRTNR-Other Partnership Admin Expense		2,400	(2,400)		63,984	(63,984)
Partnership Administration		$ 2,400	$ (2,400)	$ 3,500	$ 73,980	$ (70,480)
Fees to Partners & Affiliates						
Depreciation & Amortization						
Total Other Income	$ (79,930)	$ (66,017)	$ (13,913)	$ (962,663)	$ (937,274)	$ (25,389)
Net Income (Loss)	**$ 4,962**	**$ (13,223)**	**$ 18,185**	**$ (426,650)**	**$ (518,355)**	**$ 91,705**

City Parc II at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

March 17, 2005
10:07 am

Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Tot
Income														
134-45010	PM-Gross Potential Ren	$ 146,689	$ 146,688	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 149,952	$ 153,984	$ 1,796,9
134-45110	PM-Rent Below Current			(1,332)	(1,454)	(1,465)	(1,429)	(1,760)	(2,491)	(3,316)	(3,377)	(3,398)	(7,217)	(27,2
Gross Potential Rental Income		$ 146,689	$ 146,688	$ 148,620	$ 148,498	$ 148,487	$ 148,523	$ 148,192	$ 147,461	$ 146,636	$ 146,575	$ 146,554	$ 146,767	$ 1,769,6
134-45210	PM-Vacancy Loss-Apartm	$ (106,323)	$ (98,900)	$ (86,404)	$ (73,358)	$ (59,597)	$ (49,087)	$ (32,302)	$ (14,313)	$ (4,153)	$ (8,808)	$ (4,811)	$ (9,747)	$ (547,8
134-45295	PM-Bad Debts & Collect			(542)	(38)		(13,238)	(55)	(5,534)	(7,694)	(7,085)	(11,727)	(24,847)	(70,7
134-45310	PM-Rent Concessions	(3,556)	(2,660)	(3,108)	(3,268)	(4,723)	(7,558)	(7,353)	(33,571)	(22,112)	(3,147)	(6,740)	(4,156)	(101,9
134-45320	PM-NRP Employee Units			(710)	(2,303)	(1,586)	(2,423)	(1,592)	(1,616)	(1,581)	(1,581)	(1,570)	(1,406)	(16,3
Vacancies & Rent Adjustments		$ (109,879)	$ (101,560)	$ (90,764)	$ (78,967)	$ (65,906)	$ (72,306)	$ (41,302)	$ (55,034)	$ (35,540)	$ (20,621)	$ (24,848)	$ (40,156)	$ (736,8
134-45510	PM-Laundry Facility Re				$ 330									$ 3
134-45530	PM-Vending Machine Com				56								353	4
134-45545	PM-Clubhouse Rental In						654							6
134-45620	PM-Late Charges	386	675	680	750	1,380	845	1,900	2,030	2,504	2,671	2,408	1,897	18,1
134-45660	PM-Damages and Cleanin	65	30				290					130		5
134-45670	PM-Lease Cancellation						1,963			195			608	2,7
134-45680	PM-Forfeited Security			100		400		200	300	1,000	1,600	1,100	100	4,8
134-45690	PM-Application Fees	1,260	1,260	315	423	35	350	1,225	1,570	350	350	385	420	7,9
134-45930	PM-Telephone Commissio	21					87				335		229	6
134-45970	PM-Electricity Rebilli							109	38	523	1,173	162	518	2,5
134-45990	PM-Other Revenue	1	70		(25)	133			50	6	60	25	25	3
Other Income		$ 1,733	$ 2,035	$ 1,095	$ 1,534	$ 1,948	$ 4,189	$ 3,434	$ 3,988	$ 4,578	$ 6,189	$ 4,210	$ 4,150	$ 39,0
Total Income		$ 38,543	$ 47,163	$ 58,951	$ 71,065	$ 84,529	$ 80,406	$ 110,324	$ 96,415	$ 115,674	$ 132,143	$ 125,916	$ 110,761	$ 1,071,8
Cost of Rental Operations														
Variable Operating Expenses														
134-60010	PM-Manager Salaries	$ 7,562	$ 8,160	$ 6,748	$ 13,163	$ 8,047	$ 7,983	$ 14,552	$ 10,232	$ 9,478	$ 14,120	$ 6,914	$ 14,086	$ 121,0
134-60090	PM-Staff Bonuses		350		980		1,890			770	2,030		850	6,8
Direct Payroll Expenses		$ 7,562	$ 8,510	$ 6,748	$ 14,143	$ 8,047	$ 9,873	$ 14,552	$ 10,232	$ 10,248	$ 16,150	$ 6,914	$ 14,936	$ 127,9
134-60101	PM-Payroll Taxes - FIC	$ 352	$ 358	$ 306	$ 706	$ 382	$ 549	$ 542	$ 517	$ 518	$ 827	$ 488	$ 1,294	$ 6,8
134-60103	PM-Payroll Taxes - Med	82	84	72	165	89	128	127	121	122	193	115	149	1,4
134-60105	PM-Payroll Taxes - SUT	157	159	135	308	112	98	162	169	47	49	29	571	1,9
134-60107	PM-Payroll Taxes - FUT	46	46	40	72	24	29	46	23	11			80	4
134-60110	PM-Workmen's Compensat										161		706	8
134-60120	PM-Health Insurance	57	57	162		128				355	89	1,990	1,577	4,4
134-60130	PM-Staff Uniforms						117							1
134-60195	PM-Other Employee Bene	(161)	(120)	(80)	(158)	(155)	(152)	(152)	(156)	(155)	(215)			(1,5
Payroll Taxes & Benefits		$ 533	$ 584	$ 635	$ 1,093	$ 580	$ 769	$ 725	$ 674	$ 898	$ 1,104	$ 2,622	$ 4,377	$ 14,5
134-60210	PM-Media Advertising -	$ 745	$ 745	$ 745	$ 745	$ 745	$ 745	$ 2,235	$ 745	$ 745	$ 745	$ 745	$ 745	$ 10,4
134-60215	PM-Media Advertising -								103		103	107		3
134-60220	PM-Promotional Activit		433											4
134-60240	PM-Coop/Commission Exp		4,550		2,100			1,050			350	350		8,4
134-60295	PM-Other Renting Expen	74	127	341	230	246	818	214	1,905	185	105	50	22	4,3
Marketing & Leasing Expenses		$ 819	$ 5,855	$ 1,086	$ 3,075	$ 991	$ 1,563	$ 3,499	$ 2,753	$ 930	$ 1,303	$ 1,252	$ 767	$ 23,8
134-60303	PM-Computer Software &	$ 226									$ 108		$ 102	$ 4
134-60305	PM-Rent Roll License &									974				9
134-60313	PM-Office Equipment -	393	289	308	308	618	289	(289)	271	422	271	268	503	3,6

City Parc II at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

March 17, 2005
10:07 am

Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Tot
134-60315	PM-Office Security Sys		$ 56	$ 57		$ 112	$ 56	$ 112	$ 56	$ 56	$ 19			$ 5.
134-60320	PM-Office Supplies		167		181	257		227	172	213	408	66		1,6
134-60325	PM-Office Postage	37		22	21	152	37	199	39	11	18	35	18	5
134-60330	PM-Legal Expense/Evict							201						2
134-60340	PM-Telephone (Base & L	467	545	763	486	544	519	1,984	498	544	601	514	544	8,0
134-60343	PM-Answering Services	81	80	79	79	89	90	86	80	126	197	79	156	1,2
134-60350	PM-Credit Investigatio	595	203	311	335	704	222	68	832	571	191	121		4,1
134-60359	PM - Business Meals											80		
134-60360	PM-Auto/Travel Expense	243												2
134-60363	PM-Meetings & Seminars	249	145			75	75						(76)	4
134-60365	PM-Dues & Memberships	171		2,224	259			343			185	2,487		5,6
134-60380	PM-Bank Service Charge	30	126	329	23	40	153	290	428	319	302	191	760	2,9
134-60385	PM-Late Payment Fees (		80	364	246	488	128	325	317	294	348	138	256	2,9
Administrative Expenses		$ 2,492	$ 1,691	$ 4,457	$ 1,938	$ 3,079	$ 1,569	$ 3,546	$ 2,693	$ 3,530	$ 2,648	$ 3,979	$ 2,263	$ 33,8
134-60413	PM-Electricity Common	$ 740	$ 740	$ 740	$ 1,276	$ 1,460	$ 525	$ 3,327	$ 2,030	$ 2,239	$ 2,041	$ 1,538	$ 1,529	$ 18,1
134-60415	PM-Electricity Standin	6,180	6,180	6,180	3,710	2,725	2,034	926	2,546	1,224	488	657	773	33,6
134-60423	PM-Water Charges - Gro			526	1,529	3,008	1,303	3,180	3,434	6,120	6,025	4,161	4,614	33,9
134-60463	PM-Garbage/Trash Picku			1,538	1,127	587	588	587	588	1,090	889	896	940	8,8
Utilities Expenses		$ 6,920	$ 6,920	$ 8,984	$ 7,642	$ 7,780	$ 4,450	$ 8,020	$ 8,598	$ 10,673	$ 9,443	$ 7,252	$ 7,856	$ 94,5
134-60501	PM-Exterminating Contr	$ 167	$ 167	$ 167	$ 167	$ 42	$ 167	$ 167	$ 226	$ 167	$ 167	$ 167	$ 167	$ 1,9
134-60520	PM-Grounds - General S					120								1
134-60525	PM-Grounds - Contract	1,351	1,351	1,351	1,396	1,306	1,351	1,351	1,351	1,351	1,351	1,351	1,351	16,2
134-60530	PM-Grounds - Annual Pl				773							227		1,0
134-60540	PM-Grounds - Maint. Ga		847	554			67			65				1,5
134-60555	PM Grounds Swimming Po			86					265	186	243			7
134-60570	PM-Building - General			343										3
134-60580	PM-Building - Electric				88									
134-60605	PM-Turnover-Janitorial	52	243	193					452		59			9
134-60610	PM-Turnover - Floor Co						37			135	522	130		8
134-60615	PM-Turnover - Paint &			116						997		110	2,286	3,5
134-60620	PM-Turnover - Window &							233						2
134-60630	PM-Turnover - Applianc								91					
134-60655	PM-Equipment - Small T	237												2
134-60715	PM - Payroll fee											100		1
Operating & Maintenance Expenses		$ 1,807	$ 2,608	$ 2,810	$ 2,424	$ 1,468	$ 1,622	$ 1,751	$ 2,385	$ 2,901	$ 2,342	$ 2,085	$ 3,804	$ 28,0
134-60710	PM-Management Fee	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,500	$ 7,097	$ 4,960	$ 4,768	$ 62,3
Management Fee		$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,500	$ 7,097	$ 4,960	$ 4,768	$ 62,3
Total Variable Operating Expenses		$ 25.133	$ 31,168	$ 29,720	$ 35,315	$ 26,945	$ 24,846	$ 37,093	$ 32,335	$ 34,680	$ 40,087	$ 29,064	$ 38,771	$ 385,1
Fixed Operating Expenses														
134-60810	PM-Real Estate Taxes	$ 16,863	$ 16,863	$ 19,149	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 204,6
134-60865	PM-Miscellaneous Taxes			100	35									1
Property Taxes, Permits & Licenses		$ 16,863	$ 16,863	$ 19,249	$ 16,898	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 16,863	$ 204,7
134-60875	PM-Property Insurance	$ 9,734	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867		$ 58,4
Property Insurance		$ 9,734	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867	$ 4,867		$ 58,4
134-60915	PM-Replacements - Appl												$ 2,333	$ 2,3
134-60925	PM-Replacements - Wind								142					1
134-60930	PM - Replacements - Ex										2,160			2,1

City Parc II at West Oaks
Comparative Income Statement
For the 12 Periods Ended December 31, 2004

Account	Title	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Tot
	Major Repairs & Replacements								$ 142		$ 2,160		$ 2,333	$ 4,6
	Total Fixed Operating Expenses	$ 26,597	$ 21,730	$ 24,116	$ 21,765	$ 21,730	$ 21,730	$ 21,730	$ 21,872	$ 21,730	$ 23,890	$ 21,730	$ 19,196	$ 267,8
	Total Cost of Rental Operations	$ 51,730	$ 52,898	$ 53,836	$ 57,080	$ 48,675	$ 46,576	$ 58,823	$ 54,207	$ 56,410	$ 63,977	$ 50,794	$ 57,967	$ 652,9
Other Income(Expense)														
134-91200	EXP-Interest on Bank/I	$ 74,789	$ 72,917	$ 72,917	$ 72,917	$ 94,773	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,889	$ 898,7
	Interest Expense	$ 74,789	$ 72,917	$ 72,917	$ 72,917	$ 94,773	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,917	$ 72,889	$ 898,7
134-93200	INC-Interest from Othe	$ 19,200		$ 5,732		$ 1,202							$ 9,272	$ 35,4
	Interest Income	$ 19,200		$ 5,732		$ 1,202							$ 9,272	$ 35,4
	Miscellaneous Income													
134-97200	PRTNR-Audit and Tax Re								$ 7,500		$ 1,585	$ 335		$ 9,4
134-97300	PRTNR-Other Taxes and				1,809		(1,233)							5
134-97400	PRTNR-Other Partnershi		21,743		6,040	12,500						21,300	2,400	63,9
	Partnership Administration		$ 21,743		$ 7,849	$ 12,500	$ (1,233)		$ 7,500		$ 1,585	$ 21,635	$ 2,400	$ 73,9
	Fees to Partners & Affiliates													
	Depreciation & Amortization													
	Total Other Income(Expense)	$ (55,589)	$ (94,660)	$ (67,185)	$ (80,766)	$ (106,071)	$ (71,684)	$ (72,917)	$ (80,417)	$ (72,917)	$ (74,502)	$ (94,552)	$ (66,017)	$ (937,2
	Net Income (Loss)	**$ (68,776)**	**$ (100,395)**	**$ (62,070)**	**$ (66,781)**	**$ (70,217)**	**$ (37,854)**	**$ (21,416)**	**$ (38,209)**	**$ (13,653)**	**$ (6,336)**	**$ (19,430)**	**$ (13,223)**	**$ (518,3**

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Balance Sheet
December 31, 2004

Assets

Current Assets

Cash Available for Operations			
134-10100	Cash-AmSouth Operating	$ 4,742	
134-10110	Cash-AmSouth Partnership	(64)	
134-10120	Cash-Bank One Depository	56,847	
134-10480	Petty Cash	500	
Cash Available for Operations		$ 62,025	
Restricted Reserves and Escrow Cash			
134-10500	Resident Security Deposits	$ 38,193	
134-10600	WF-Replacement Reserve	22,454	
134-10800	WF-Tax & Insurance Reserve	157,570	
134-10805	WF-Fees & Expense Reserve	2,710	
134-10840	WF Bond-Equity Account	956,370	
134-10850	WF Bond-Revenue Fund	7	
134-10998	Cash Clearing Security Dep	1,800	
134-10999	Cash Exchange / Transfer	(48,373)	
Restricted Reserves and Escrow Cash		$ 1,130,731	
Trade and Other Receivables			
134-11105	AR-Residents	$ 36,215	
Trade and Other Receivables		$ 36,215	
Prepaid Expenses			
Construction in Process (Job Cost Control)			
134-14001	Job Cost Control	$ 15,830,194	
134-14101	JC Contra-Land	(1,154,317)	
134-14111	JC Contra-Land Improvement	(1,307,943)	
134-14121	JC Contra-Buildings	(12,027,111)	
134-14141	JC Contra-Loan Costs	(1,253,247)	
Construction in Process (Job Cost Control)		$ 87,576	
Total Current Assets			$ 1,316,547

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Balance Sheet
December 31, 2004

Long Term Assets

Property, Plant & Equipment			
134-15100	Land	$ 1,154,317	
134-15200	Land Improvements	1,307,943	
134-15300	Buildings	12,084,599	
134-15400	Furnishings & Equipment	686,008	
134-15440	Computer equipment & softw	7,647	
134-15500	Accumulated Depreciation &	(245,620)	
Property, Plant & Equipment		$ 14,994,894	
Land Held for Investment or Future Development			
Other Assets			
134-19111	Loan Costs-Construction	$ 573,021	
134-19901	Utility Deposits	4,600	
Other Assets		$ 577,621	
Total Long Term Assets			$ 15,572,515
Total Assets			**$ 16,889,062**

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Balance Sheet
December 31, 2004

Liabilities and Equity

Current Liabilities

Trade Accounts Payables & Retainage			
134-20000	Accounts Payable	$ 105,026	
Trade Accounts Payables & Retainage		$ 105,026	
Accrued Expenses			
134-21100	Accrued expenses	$ 11,847	
134-21300	Accrued Interest	72,917	
134-21400	Accrued Property Taxes	202,354	
Accrued Expenses		$ 287,118	
Security Deposits & Escrow Liability			
134-22000	Security Deposits & Escrow	$ 30,668	
Security Deposits & Escrow Liability		$ 30,668	
Deferred Income			
134-23010	Prepaid Rents	$ 10,887	
Deferred Income		$ 10,887	
Total Current Liabilities			$ 433,699

Long Term Liabilities

Accrued Developer & Gen Ptnr Fees Payable			
134-25000	Accrued Developer & GenPtn	$ 1,411,670	
Accrued Dev & Gen Ptnr Fees Payable		$ 1,411,670	
Notes & Mortgages Payable			
134-26400	Wells Fargo - Bond Payable	$ 12,490,448	
134-26800	Notes Payable - General Pa	65,124	
Notes & Mortgages Payable		$ 12,555,572	
Total Long Term Liabilities			$ 13,967,242

City Parc II at West Oaks
Finlay Interests 34, Ltd.
Balance Sheet
December 31, 2004

Total Liabilities			**$ 14,400,941**
Equity			
Partners Equity			
134-30005	Capital Contribution-LP	$ 3,230,000	
Partners Equity		$ 3,230,000	
Retained Earnings			
	Prior Year Retained Earnin	$ (223,524)	
	Net Income	(518,356)	
Retained Earnings		$ (741,880)	
Total Equity			$ 2,488,120
Total Liabilities & Equity			**$ 16,889,061**

PHYSICAL OCCUPANCY:	Occupied	Pct	Vacant	Pct	Total
Square Footage.:	194,607	90.8%	19,665	9.2%	214,272
Unit Count.:	175	91.1%	17	8.9%	192

OCCUPANCY PERCENT:	Excl. Off-Line	Incl. Off-Line
Incl. Vac. Leased.:	94.3%	94.3%
Excl. Vac. Leased.:	91.1%	91.1%

EXPOSURE TO VACANCY:	Number	Pct
Currently Vacant Units.:	17	8.9%
Less Vacant Leased.:	-6	3.1%
Less Occupied Pre-Leased.:	0	0.0%
Plus Occupied On Notice.:	2	1.0%
Occupied But Skipped.:	0	0.0%
Net Exposure To Vacancy.:	13	6.8%

MOVES/TRANSFERS:	
Dec In.:	6
Dec Out.:	9

MAKE-READY STATUS.:	Number	Pct
Total Vacant Units.:	17	100.0%
Ready To Rent (Y).:	4	23.5%
Need Make-Ready (N).:	13	76.5%
Off-Line Down (D).:	0	0.0%
Off-Line Admin (A).:	0	0.0%

RENTAL RATES:	Occupied	/SqFt	Pct	Vacant	/SqFt	Pct	Total	/SqFt	Pct
Scheduled Rent.:	139,951.00	0.719	90.9%	14,033.00	0.714	9.1%	153,984.00	0.719	100.0%
Actual Status.:	133,130.00	0.684	86.5%	14,033.00	0.714	9.1%	147,163.00	0.687	95.6%
Loss To Lease.:	6,821.00	0.035	4.4%						

STATUS OF UNIT TYPES, SUBTOTALED BY FIRST 8 CHARACTERS OF UNIT TYPE:

Unit Type	Total Units	# Occ.	% Occ.	Avg. SqFt	Occup. SqFt	Total SqFt	Sch. $ /Unit	Avg. $ /SqFt	Act. $ /Unit	Rent /SqFt	Sched. Rent	Loss To Lease	Made Rdy.	Not Rdy.	OffLn Adm.	OffLn Down
B1	96	91	95%	1017	92547	97632	745.00	0.733	709.74	0.698	71520.00	3209.00	1	4	0	0
C1	96	84	88%	1215	102060	116640	859.00	0.707	816.00	0.672	82464.00	3612.00	3	9	0	0
2	192	175	91%	1116	194607	214272	802.00	0.719	760.74	0.684	153984.00	6821.00	4	13	0	0

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134 Finlay Interests 34, Ltd. (12-01-2004 - 12-31-2004)								
134-10100 Cash-AmSouth Operating								
12-01-2004	CR			Summary Entry			105,497.71-	
12-02-2004	CR			Summary Entry			5,665.47-	
12-03-2004	CMD	134CPIIO	Wire Fin	Wire from Finlay		3,000.00		
12-03-2004	CMD	134CPIIO	Xfer	Xfer from Sec		1,585.00		
12-03-2004	CMD	134CPIIO	Xfer 2	Xfer from Depository		78,000.00		
12-03-2004	CMD	134CPIIO	NWP	NWP-Utility Comm		476.56		
12-03-2004	CMD	134CPIIO	SBC	SBC-Tele Comm		123.59		
12-06-2004	CMD	134CPIIO	Xfer	Xfer from Depository		45,438.63		
12-06-2004	CMA	134CPIIO		Analysis Explicit Charge			690.00-	
12-06-2004	CMA	134CPIIO		Analysis Charge			15.96-	
12-07-2004	CMD	134CPIIO	Xfer	Xfer from Depository		22,756.00		
12-07-2004	CMW	134CPIIO		Wire to Finlay			106,000.00-	
12-07-2004	CMW	134CPIIO		Wire to Finlay (2)			5,000.00-	
12-08-2004	CR			Summary Entry			6,685.37-	
12-08-2004	CR			Summary Entry			141.72-	
12-10-2004	CMD	134CPIIO	Xfer	Xfer from Depository		6,204.00		
12-10-2004	CMW	134CPIIO		Wire to Finlay			25,000.00-	
12-15-2004	CR			Summary Entry			1,546.27-	
12-16-2004	CR			Summary Entry			6,754.61-	
12-21-2004	CMD	134CPIIO	Wire Fin	Wire from Finlay		1,000.00		
12-21-2004	CR			Summary Entry			7,728.42-	
12-22-2004	CMD	134CPIIO	Xfer	Xfer from Depository		21,397.80		
12-22-2004	CMD	134CPIIO	SBC	SBC-Tele Comm		105.52		
12-29-2004	CR			Summary Entry			8,760.29-	
12-29-2004	CR	550135	83237903	(Rev)832 379-0300 531 0			512.59	
12-29-2004	CR	550135	83237903	(Rev)832 379-0300 531 0			31.29	
12-29-2004	CR			Summary Entry			575.17-	
12-30-2004	CR	020468	Dec04Hea	(Rev)Dec 2004 Health Insurance			1,270.80	
12-31-2004	CMA	134CPIIO		Loan from Finlay		105,497.71		
12-31-2004	CR	670562	PRExp-CP	(Rev)Due to West Oaks			865.39	
12-31-2004	CR	580613	CkReq061	(Rev)City Parc II @ West Oaks-			75.00	
Total Account 134-10100 - Cash-AmSouth Operating					3,537.30-*	285,584.81*	277,305.92-*	4,741.59*
134-10110 Cash-AmSouth Partnership								
Total Account 134-10110 - Cash-AmSouth Partnership					63.49-*	.00*	.00*	63.49-*
134-10120 Cash-Bank One Depository								
12-01-2004	CMD	134GRBOA	batch 1	Deposit		4,595.00		
12-01-2004	CMD	134GRBOA	batch 2	Deposit		13,449.73		
12-01-2004	CMD	134GRBOA	batch 3	Deposit		12,821.83		
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR			4,595.00-	
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR 2			13,449.73-	
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR 3			12,821.83-	
12-03-2004	CMD	134GRBOA		Deposit		35,544.45		
12-03-2004	CR			Summary Entry			78,000.00-	
12-04-2004	CMD	134GRBOA		Deposit		21,756.00		
12-04-2004	CMD	134GRBOA	batch 6	Deposit		6,404.00		
12-06-2004	CR			Summary Entry			45,438.63-	
12-07-2004	CMD	134GRBOA		Deposit		7,111.00		
12-07-2004	CR			Summary Entry			22,756.00-	
12-08-2004	CR			Summary Entry			200.00-	
12-09-2004	CR			Summary Entry			6,204.00-	
12-11-2004	CMD	134GRBOA		Deposit		3,114.00		
12-11-2004	CMD	134GRBOA	batch 11	Deposit		3,763.75		
12-18-2004	CMD	134GRBOA		Deposit		4,192.00		
12-18-2004	CMD	134GRBOA	batch 13	Deposit		1,300.00		
12-18-2004	CMD	134GRBOA	batch 14	Deposit		3,150.00		
12-21-2004	CMD	134GRBOA	batch 15	Deposit		1,756.00		
12-21-2004	CMD	134GRBOA		Deposit		353.00		
12-22-2004	CR			Summary Entry			21,397.80-	
12-29-2004	CR			Summary Entry			1,800.00-	
12-31-2004	CMD	134GRBOA	batch 4	Dec dep - Jan RR		29,099.17		
12-31-2004	CMD	134GRBOA	batch 2	Dec dep - Jan RR		10,976.00		
12-31-2004	CMD	134GRBOA	batch 3	Dec dep - Jan RR		9,526.00		
12-31-2004	CMD	134GRBOA	batch 1	Dec dep - Jan RR		657.00		
12-31-2004	CMA	134GRBOA		Service Fee			38.46-	
Total Account 134-10120 - Cash-Bank One Depository					93,979.23*	169,568.93*	206,701.45-*	56,846.71*
134-10480 Petty Cash								
Total Account 134-10480 - Petty Cash					500.00*	.00*	.00*	500.00*
134-10500 Resident Security Deposits								
12-03-2004	CR			Summary Entry			1,585.00-	
12-06-2004	CMA	134GRSEC		Analysis Charge			15.12-	
12-07-2004	CMD	134GRSEC	Wire Fin	Wire from Finlay		5,000.00		
12-10-2004	CMD	134GRSEC	Xfer	Xfer from Depository		200.00		
12-29-2004	CR			Summary Entry			1,885.00-	
12-31-2004	CMD	134GRSEC	Wire Fin	Wire from Finlay		35,000.00		
Total Account 134-10500 - Resident Security Deposits					1,477.92*	40,200.00*	3,485.12-*	38,192.80*
134-10600 WF-Replacement Reserve								
12-01-2004	PJ	670538	13884904	Loan #13884904 CPII Dec04		3,200.00		
12-31-2004	GL	ar1204		Post int earned thru 12/0		53.97		
Total Account 134-10600 - WF-Replacement Reserve					19,200.00*	3,253.97*	.00*	22,453.97*
134-10800 WF-Tax & Insurance Reserve								
12-01-2004	PJ	670538	13884904	Loan #13884904 CPII Dec04		22,456.00		
12-31-2004	GL	ar1204		Post int earned thru 12/0		378.70		

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-10800 WF-Tax & Insurance Reserve - Continued								
Total Account 134-10800 - WF-Tax & Insurance Reserve					134,736.00*	22,834.70*	.00*	157,570.70*
134-10805 WF-Fees & Expense Reserve								
12-01-2004	PJ	670538	13884904	Loan #13884904 CPII Dec04		12.20-		
12-31-2004	GL	ar1204		Post int earned thru 12/0		54.25		
12-31-2004	GL	ar1204		R/C-Fees & Exp deposits		26,355.00		
12-31-2004	GL	ar1204		Post fees pd			2,400.00-	
12-31-2004	GL	ar1204		R/C-Mortgage Cash Bal Adj		82.43		
Total Account 134-10805 - WF-Fees & Expense Reserve					21,370.23-*	26,479.48*	2,400.00-*	2,709.25*
134-10835 WF Bond-Construction Loan Account								
12-31-2004	GL	ar1204		Post int earned thru 12/0		28.05		
Total Account 134-10835 - WF Bond-Construction Loan					28.05-*	28.05*	.00*	.00*
134-10840 WF Bond-Equity Account								
12-31-2004	GL	ar1204		Post int earned thru 12/0		8,694.31		
Total Account 134-10840 - WF Bond-Equity Account					947,676.23*	8,694.31*	.00*	956,370.54*
134-10845 WF Bond-Capitalized Interest Account								
12-01-2004	PJ	670538	13884904	Loan #13884904 CPII Dec04		2,175.00		
12-31-2004	GL	ar1204		Post int earned thru 12/0		.01		
12-31-2004	GL	ar1204		R/C-Fees & Exp deposits			26,355.00-	
Total Account 134-10845 - WF Bond-Capitalized Intere					24,179.99*	2,175.01*	26,355.00-*	.00*
134-10850 WF Bond-Revenue Fund								
12-31-2004	GL	ar1204		Post int earned thru 12/0		62.99		
12-31-2004	GL	ar1204		R/C-Mortgage Cash Bal Adj			82.43-	
Total Account 134-10850 - WF Bond-Revenue Fund					26.54*	62.99*	82.43-*	7.10*
134-10998 Cash Clearing Security Deposits								
12-03-2004	PJ	080094	Oct04Trs	Trsf BankOne to SecDep		200.00		
12-22-2004	PJ	080094	Nov04Trs	Trsf Bank One to Security		1,800.00		
12-31-2004	GL	ar1204		R/C-Allocation of funds			200.00-	
Total Account 134-10998 - Cash Clearing Security Dep					.00*	2,000.00*	200.00-*	1,800.00*
134-10999 Cash Exchange / Transfer								
12-01-2004	CMD	134GRBOA	batch 1	Deposit			4,595.00-	
12-01-2004	CMD	134GRBOA	batch 2	Deposit			13,449.73-	
12-01-2004	CMD	134GRBOA	batch 3	Deposit			12,821.83-	
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR		4,595.00		
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR 2		13,449.73		
12-01-2004	CMA	134GRBOA		Rev Nov dep-Dec RR 3		12,821.83		
12-03-2004	CMD	134GRBOA		Deposit			35,544.45-	
12-03-2004	CMD	134CPIIO	Xfer	Xfer from Sec			1,585.00-	
12-03-2004	CMD	134CPIIO	Xfer 2	Xfer from Depository			78,000.00-	
12-03-2004	PJ	080093	Oct04For	Trsf from Sec to Operating		1,585.00		
12-03-2004	PJ	080093	DepTrsf1	Trsf Bank One to Operating		78,000.00		
12-04-2004	CMD	134GRBOA		Deposit			21,756.00-	
12-04-2004	CMD	134GRBOA	batch 6	Deposit			6,404.00-	
12-06-2004	CMD	134CPIIO	Xfer	Xfer from Depository			45,438.63-	
12-06-2004	PJ	080093	DepTrsf1	Trsf Bank One to Operating		45,438.63		
12-07-2004	CMD	134GRBOA		Deposit			7,111.00-	
12-07-2004	CMD	134CPIIO	Xfer	Xfer from Depository			22,756.00-	
12-07-2004	PJ	080093	DepTrsf1	Trsf from BankOne to Operating		22,756.00		
12-09-2004	PJ	080093	DepTrsf1	Trsf BankOne to Operating		6,204.00		
12-10-2004	CMD	134CPIIO	Xfer	Xfer from Depository			6,204.00-	
12-10-2004	CMD	134GRSEC	Xfer	Xfer from Depository			200.00-	
12-11-2004	CMD	134GRBOA		Deposit			3,114.00-	
12-11-2004	CMD	134GRBOA	batch 11	Deposit			3,763.75-	
12-18-2004	CMD	134GRBOA		Deposit			4,192.00-	
12-18-2004	CMD	134GRBOA	batch 13	Deposit			1,300.00-	
12-18-2004	CMD	134GRBOA	batch 14	Deposit			3,150.00-	
12-21-2004	CMD	134GRBOA	batch 15	Deposit			1,756.00-	
12-21-2004	CMD	134GRBOA		Deposit			353.00-	
12-22-2004	CMD	134CPIIO	Xfer	Xfer from Depository			21,397.80-	
12-22-2004	PJ	080093	DepTrsf1	Trsf Bank One to Operating		21,397.80		
12-22-2004	PJ	080093	Nov04For	Trsf from Sec to Operating		1,885.00		
12-31-2004	GL	lk1204-m		monthly income entry		119,310.76		
12-31-2004	GL	ar1204		R/C-Allocation of funds			1,118.00-	
12-31-2004	CMD	134GRBOA	batch 4	Dec dep - Jan RR			29,099.17-	
12-31-2004	CMD	134GRBOA	batch 2	Dec dep - Jan RR			10,976.00-	
12-31-2004	CMD	134GRBOA	batch 3	Dec dep - Jan RR			9,526.00-	
12-31-2004	CMD	134GRBOA	batch 1	Dec dep - Jan RR			657.00-	
Total Account 134-10999 - Cash Exchange / Transfer					29,548.56-*	327,443.75*	346,268.36-*	48,373.17-*
134-11105 AR-Residents								
12-31-2004	GL	lk1204-m		referrals			46,602.13-	
12-31-2004	GL	lk1204-m		referrals		36,214.93		
Total Account 134-11105 - AR-Residents					46,602.13*	36,214.93*	46,602.13-*	36,214.93*
134-13000 Prepaid Expense								
12-31-2004	GL	mn1204-1		r/c 12/04 prepaid			745.00-	
Total Account 134-13000 - Prepaid Expense					745.00*	.00*	745.00-*	.00*
134-14001 Job Cost Control								
Total Account 134-14001 - Job Cost Control					15,830,193.93*	.00*	.00*	15,830,193.93*

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-14101 JC Contra-Land								
				Total Account 134-14101 - JC Contra-Land	1,154,317.00-*	.00*	.00*	1,154,317.00-*
134-14111 JC Contra-Land Improvements								
				Total Account 134-14111 - JC Contra-Land Improvement	1,307,943.00-*	.00*	.00*	1,307,943.00-*
134-14121 JC Contra-Buildings								
				Total Account 134-14121 - JC Contra-Buildings	12,027,110.54-*	.00*	.00*	12,027,110.54-*
134-14141 JC Contra-Loan Costs								
				Total Account 134-14141 - JC Contra-Loan Costs	1,253,247.24-*	.00*	.00*	1,253,247.24-*
134-15100 Land								
				Total Account 134-15100 - Land	1,154,317.00*	.00*	.00*	1,154,317.00*
134-15200 Land Improvements								
				Total Account 134-15200 - Land Improvements	1,307,943.00*	.00*	.00*	1,307,943.00*
134-15300 Buildings								
				Total Account 134-15300 - Buildings	12,084,599.00*	.00*	.00*	12,084,599.00*
134-15400 Furnishings & Equipment								
				Total Account 134-15400 - Furnishings & Equipment	686,008.05*	.00*	.00*	686,008.05*
134-15440 Computer equipment & software								
				Total Account 134-15440 - Computer equipment & softw	7,646.61*	.00*	.00*	7,646.61*
134-15500 Accumulated Depreciation & Amortization								
				Total Account 134-15500 - Accumulated Depreciation &	245,620.00-*	.00*	.00*	245,620.00-*
134-19111 Loan Costs-Construction								
				Total Account 134-19111 - Loan Costs-Construction	573,021.00*	.00*	.00*	573,021.00*
134-19901 Utility Deposits								
				Total Account 134-19901 - Utility Deposits	4,600.00*	.00*	.00*	4,600.00*
134-20000 Accounts Payable								
12-01-2004	PJ			Summary Entry			105,497.71-	
12-01-2004	CR			Summary Entry		105,497.71		
12-02-2004	PJ			Summary Entry			5,665.47-	
12-02-2004	CR			Summary Entry		5,665.47		
12-03-2004	PJ			Summary Entry			1,785.00-	
12-03-2004	PJ			Summary Entry			78,000.00-	
12-03-2004	CR			Summary Entry		79,585.00		
12-06-2004	PJ			Summary Entry			45,438.63-	
12-06-2004	CR			Summary Entry		45,438.63		
12-07-2004	PJ			Summary Entry			22,756.00-	
12-07-2004	CR			Summary Entry		22,756.00		
12-08-2004	PJ			Summary Entry			141.72-	
12-08-2004	CR			Summary Entry		6,885.37		
12-08-2004	CR			Summary Entry		141.72		
12-09-2004	PJ			Summary Entry			3,723.90-	
12-09-2004	PJ			Summary Entry			7,474.80-	
12-09-2004	CR			Summary Entry		6,204.00		
12-15-2004	CR			Summary Entry		1,546.27		
12-16-2004	PJ			Summary Entry			2.14-	
12-16-2004	PJ			Summary Entry			6,754.61-	
12-16-2004	CR			Summary Entry		6,754.61		
12-17-2004	PJ			Summary Entry			489.31-	
12-21-2004	PJ			Summary Entry			174.60-	
12-21-2004	PJ			Summary Entry			543.88-	
12-21-2004	PJ			Summary Entry			2,149.18-	
12-21-2004	PJ			Summary Entry			270.63-	
12-21-2004	PJ	550135	83237903	(Rev)832 379-0300 531 0			512.59	
12-21-2004	PJ			Summary Entry			543.88-	
12-21-2004	CR			Summary Entry		7,728.42		
12-22-2004	PJ			Summary Entry			21,397.80-	
12-22-2004	PJ			Summary Entry			3,685.00-	
12-22-2004	CR			Summary Entry		21,397.80		
12-27-2004	PJ			Summary Entry			13.36-	
12-28-2004	PJ			Summary Entry			2,332.79-	
12-29-2004	PJ			Summary Entry			5,622.00-	
12-29-2004	CR			Summary Entry		12,445.29		
12-29-2004	CR	550135	83237903	(Rev)832 379-0300 531 0		512.59-		
12-29-2004	CR	550135	83237903	(Rev)832 379-0300 531 0		31.29-		
12-29-2004	CR			Summary Entry		575.17		
12-30-2004	CR	020468	Dec04Hea	(Rev)Dec 2004 Health Insurance		1,270.80-		
12-31-2004	PJ			Summary Entry			75.00	
12-31-2004	PJ			Summary Entry			4,768.43-	
12-31-2004	CR	670562	PRExp-CP	(Rev)Due to West Oaks		865.39-		
12-31-2004	CR	580613	CkReq061	(Rev)City Parc II @ West Oaks-		75.00-		
				Total Account 134-20000 - Accounts Payable	106,249.35-*	319,866.39*	318,643.25-*	105,026.21-*
134-21100 Accrued expenses								
12-01-2004	GL	1k1204-R		Harris C reverse nov accrual		4,608.00		

Date	Jrn	Ref 1	Ref 2	Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-21100 Accrued expenses - Continued								
12-01-2004	GL	ar1204		Reverse accrual-Wrg amt		3,390.00		
12-31-2004	GL	mn1204-2		reverse 11/04 accruals		1,517.67		
12-31-2004	GL	lk1204-1		accrue dec expense			6,905.12-	
12-31-2004	GL	lk1204-2		accrue nov/dec expense			4,941.42-	
12-31-2004	GL	lk1204-4		accrue property ins.			3,390.00-	
Total Account 134-21100 - Accrued expenses					6,125.67-*	9,515.67*	15,236.54-*	11,846.54-*
134-21300 Accrued Interest								
Total Account 134-21300 - Accrued Interest					72,917.00-*	.00*	.00*	72,917.00-*
134-21400 Accrued Property Taxes								
12-31-2004	GL	lk1204-3		accrue RE Taxes			15,000.00-	
12-31-2004	GL	ar1204		Adj 12/04 Tax acc to actual			1,862.88-	
Total Account 134-21400 - Accrued Property Taxes					185,491.68-*	.00*	16,862.88-*	202,354.56-*
134-22000 Security Deposits & Escrow Liability								
12-31-2004	GL	lk1204-m		referrals		1,000.00		
12-31-2004	GL	lk1204-m		referrals			1,200.00-	
12-31-2004	GL	lk1204-a	Boulden	post forfeited sec dep.		100.00		
Total Account 134-22000 - Security Deposits & Escrow					30,568.00-*	1,100.00*	1,200.00-*	30,668.00-*
134-23010 Prepaid Rents								
12-31-2004	GL	lk1204-m		referrals		13,436.61		
12-31-2004	GL	lk1204-m		referrals			10,886.86-	
Total Account 134-23010 - Prepaid Rents					13,436.61-*	13,436.61*	10,886.86-*	10,886.86-*
134-25000 Accrued Developer & GenPtnr Fees Payable								
Total Account 134-25000 - Accrued Developer & GenPtn					1,411,670.00-*	.00*	.00*	1,411,670.00-*
134-26400 Wells Fargo - Bond Payable								
12-01-2004	PJ	670538	13884904	Loan #13884904 CPII Dec04		4,790.02		
Total Account 134-26400 - Wells Fargo - Bond Payable					12,495,237.76-*	4,790.02*	.00*	12,490,447.74-*
134-26800 Notes Payable - General Partner								
12-03-2004	CMD	134CPIIO	Wire Fin	Wire from Finlay			3,000.00-	
12-07-2004	CMD	134GRSEC	Wire Fin	Wire from Finlay			5,000.00-	
12-07-2004	CMW	134CPIIO		Wire to Finlay		106,000.00		
12-07-2004	CMW	134CPIIO		Wire to Finlay (2)		5,000.00		
12-10-2004	CMW	134CPIIO		Wire to Finlay		25,000.00		
12-21-2004	CMD	134CPIIO	Wire Fin	Wire from Finlay			1,000.00-	
12-31-2004	CMD	134GRSEC	Wire Fin	Wire from Finlay			35,000.00-	
12-31-2004	CMA	134CPIIO		Loan from Finlay			105,497.71-	
Total Account 134-26800 - Notes Payable - General Pa					51,626.73-*	136,000.00*	149,497.71-*	65,124.44-*
134-30005 Capital Contribution-LP								
Total Account 134-30005 - Capital Contribution-LP					3,230,000.00-*	.00*	.00*	3,230,000.00-*
134-39950 Prior Year Earnings								
Total Account 134-39950 - Prior Year Earnings					6,677.04*	.00*	.00*	6,677.04*
134-39999 Current Year Earnings								
Total Account 134-39999 - Current Year Earnings					216,847.06*	.00*	.00*	216,847.06*
134-45010 PM-Gross Potential Rent-Apartments								
12-31-2004	GL	lk1204-m		monthly income entry			153,984.00-	
Total Account 134-45010 - PM-Gross Potential Rent-Ap					1,642,945.00-*	.00*	153,984.00-*	1,796,929.00-*
134-45110 PM-Rent Below Current Market Value								
12-31-2004	GL	lk1204-m		gain/loss to old lease		7,217.16		
Total Account 134-45110 - PM-Rent Below Current Mark					20,020.76*	7,217.16*	.00*	27,237.92*
134-45210 PM-Vacancy Loss-Apartments								
12-31-2004	GL	lk1204-m		referrals		8,428.97		
12-31-2004	GL	ar1204		R/C-Allocation of funds		1,318.00		
Total Account 134-45210 - PM-Vacancy Loss-Apartments					538,055.98*	9,746.97*	.00*	547,802.95*
134-45295 PM-Bad Debts & Collection Loss								
12-31-2004	GL	lk1204-m		referrals		24,847.37		
Total Account 134-45295 - PM-Bad Debts & Collection					45,913.62*	24,847.37*	.00*	70,760.99*
134-45310 PM-Rent Concessions								
12-31-2004	GL	lk1204-m		discounts		84.00		
12-31-2004	GL	lk1204-m		referrals		450.00		
12-31-2004	GL	lk1204-m		referrals		3,621.67		
Total Account 134-45310 - PM-Rent Concessions					97,793.68*	4,155.67*	.00*	101,949.35*
134-45320 PM-NRP Employee Units								
12-31-2004	GL	lk1204-m		referrals		1,406.00		
Total Account 134-45320 - PM-NRP Employee Units					14,963.39*	1,406.00*	.00*	16,369.39*

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-45510 PM-Laundry Facility Revenue							
Total Account 134-45510 - PM-Laundry Facility Revenu				330.00-*	.00*	.00*	330.00-*
134-45530 PM-Vending Machine Commissions							
12-31-2004	GL	1k1204-m	gain/loss to old lease			353.00-	
Total Account 134-45530 - PM-Vending Machine Commiss				56.27-*	.00*	353.00-*	409.27-*
134-45545 PM-Clubhouse Rental Income							
Total Account 134-45545 - PM-Clubhouse Rental Income				654.00-*	.00*	.00*	654.00-*
134-45620 PM-Late Charges							
12-31-2004	GL	1k1204-m	referrals			1,897.00-	
Total Account 134-45620 - PM-Late Charges				16,228.98-*	.00*	1,897.00-*	18,125.98-*
134-45660 PM-Damages and Cleaning Fees							
Total Account 134-45660 - PM-Damages and Cleaning Fe				515.00-*	.00*	.00*	515.00-*
134-45670 PM-Lease Cancellation Fees							
12-31-2004	GL	1k1204-m	gain/loss to old lease			607.75-	
Total Account 134-45670 - PM-Lease Cancellation Fees				2,158.20-*	.00*	607.75-*	2,765.95-*
134-45680 PM-Forfeited Security Deposits							
12-31-2004	GL	1k1204-a	Boulden post forfeited sec dep.			100.00-	
Total Account 134-45680 - PM-Forfeited Security Depo				4,700.00-*	.00*	100.00-*	4,800.00-*
134-45690 PM-Application Fees							
12-31-2004	GL	1k1204-m	gain/loss to old lease			420.00-	
Total Account 134-45690 - PM-Application Fees				7,523.00-*	.00*	420.00-*	7,943.00-*
134-45930 PM-Telephone Commissions/Fees							
12-03-2004	CMD	134CPIIO	SBC SBC-Tele Comm			123.59-	
12-22-2004	CMD	134CPIIO	SBC SBC-Tele Comm			105.52-	
Total Account 134-45930 - PM-Telephone Commissions/F				442.61-*	.00*	229.11-*	671.72-*
134-45970 PM-Electricity Rebillings							
12-03-2004	CMD	134CPIIO	NWP NWP-Utility Comm			476.56-	
12-31-2004	GL	1k1204-m	gain/loss to old lease			41.73-	
Total Account 134-45970 - PM-Electricity Rebillings				2,005.66-*	.00*	518.29-*	2,523.95-*
134-45990 PM-Other Revenue							
12-31-2004	GL	1k1204-m	gain/loss to old lease			25.00-	
Total Account 134-45990 - PM-Other Revenue				318.82-*	.00*	25.00-*	343.82-*
134-60010 PM-Manager Salaries							
12-02-2004	PJ	020468	PRw/e120 PR w/e 12/04/04		4,700.08		
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		4,735.08		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		4,651.08		
Total Account 134-60010 - PM-Manager Salaries				106,958.24*	14,086.24*	.00*	121,044.48*
134-60090 PM-Staff Bonuses							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		850.00		
Total Account 134-60090 - PM-Staff Bonuses				6,020.00*	850.00*	.00*	6,870.00*
134-60101 PM-Payroll Taxes - FICA							
12-02-2004	PJ	020468	PRw/e120 PR w/e 12/04/04		659.88		
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		346.27		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		288.01		
Total Account 134-60101 - PM-Payroll Taxes - FICA				5,545.51*	1,294.16*	.00*	6,839.67*
134-60103 PM-Payroll Taxes - Medicare							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		80.98		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		67.36		
Total Account 134-60103 - PM-Payroll Taxes - Medicar				1,298.04*	148.34*	.00*	1,446.38*
134-60105 PM-Payroll Taxes - SUTA							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		312.22		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		259.67		
Total Account 134-60105 - PM-Payroll Taxes - SUTA				1,426.17*	571.89*	.00*	1,998.06*
134-60107 PM-Payroll Taxes - FUTA							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		44.69		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		35.36		
Total Account 134-60107 - PM-Payroll Taxes - FUTA				333.06*	80.05*	.00*	413.11*
134-60110 PM-Workmen's Compensation							
12-16-2004	PJ	020468	PRw/e121 PR w/e 12/17/04 CPII		385.37		
12-29-2004	PJ	020468	PRw/e123 PR w/e 12/31/04 CPII		320.52		
Total Account 134-60110 - PM-Workmen's Compensation				160.40*	705.89*	.00*	866.29*
134-60120 PM-Health Insurance							

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-60120 PM-Health Insurance - Continued							
12-02-2004	PJ	020468	PRw/e120 PR w/e 12/04/04		305.51		
12-09-2004	PJ	020468	Dec04Hea Dec 2004 Health Insurance		1,270.80		
Total Account 134-60120 - PM-Health Insurance				2,840.77*	1,576.31*	.00*	4,417.08*
134-60130 PM-Staff Uniforms							
Total Account 134-60130 - PM-Staff Uniforms				116.70*	.00*	.00*	116.70*
134-60195 PM-Other Employee Benefits							
Total Account 134-60195 - PM-Other Employee Benefits				1,503.00-*	.00*	.00*	1,503.00-*
134-60210 PM-Media Advertising - Magazines							
12-31-2004	GL	mn1204-1	r/c 12/04 prepaid		745.00		
Total Account 134-60210 - PM-Media Advertising - Mag				9,685.00*	745.00*	.00*	10,430.00*
134-60215 PM-Media Advertising - Other							
Total Account 134-60215 - PM-Media Advertising - Oth				312.68*	.00*	.00*	312.68*
134-60220 PM-Promotional Activities							
Total Account 134-60220 - PM-Promotional Activities				433.00*	.00*	.00*	433.00*
134-60240 PM-Coop/Commission Expense							
Total Account 134-60240 - PM-Coop/Commission Expense				8,400.00*	.00*	.00*	8,400.00*
134-60295 PM-Other Renting Expenses							
12-09-2004	PJ	060045	R137930 C3797		21.65		
Total Account 134-60295 - PM-Other Renting Expenses				4,296.50*	21.65*	.00*	4,318.15*
134-60303 PM-Computer Software & Support							
12-17-2004	PJ	440641	4103 remapped network drive & print		102.01		
Total Account 134-60303 - PM-Computer Software & Sup				334.59*	102.01*	.00*	436.60*
134-60305 PM-Rent Roll License & Support							
Total Account 134-60305 - PM-Rent Roll License & Sup				974.25*	.00*	.00*	974.25*
134-60313 PM-Office Equipment - Copy Machine							
12-17-2004	PJ	590331	203893 10D857		123.93		
12-17-2004	PJ	590331	203894 10D857		108.01		
12-21-2004	PJ	370050	3189132 001-0223264-002		270.63		
Total Account 134-60313 - PM-Office Equipment - Copy				3,147.42*	502.57*	.00*	3,649.99*
134-60315 PM-Office Security System - Monitoring							
Total Account 134-60315 - PM-Office Security System				524.44*	.00*	.00*	524.44*
134-60320 PM-Office Supplies							
Total Account 134-60320 - PM-Office Supplies				1,689.85*	.00*	.00*	1,689.85*
134-60325 PM-Office Postage							
12-09-2004	PJ	170046	DHL11150 J2883716		16.54		
12-16-2004	PJ	170046	DHL12080 J7193093		2.14		
Total Account 134-60325 - PM-Office Postage				572.99*	18.68*	.00*	591.67*
134-60330 PM-Legal Expense/Eviction Costs							
Total Account 134-60330 - PM-Legal Expense/Eviction				201.00*	.00*	.00*	201.00*
134-60340 PM-Telephone (Base & LD)							
12-21-2004	PJ	550135	83237903 832 379-0300 531 0		512.59		
12-21-2004	PJ	550135	83237903 (Rev)832 379-0300 531 0		512.59-		
12-21-2004	PJ	550135	83237903 832 379-0300 531 0		543.88		
Total Account 134-60340 - PM-Telephone (Base & LD)				7,463.15*	543.88*	.00*	8,007.03*
134-60343 PM-Answering Services							
12-17-2004	PJ	150222	237-1201 237		155.36		
Total Account 134-60343 - PM-Answering Services				1,066.75*	155.36*	.00*	1,222.11*
134-60350 PM-Credit Investigation Checks							
Total Account 134-60350 - PM-Credit Investigation Ch				4,153.09*	.00*	.00*	4,153.09*
134-60359 PM - Business Meals							
Total Account 134-60359 - PM - Business Meals				79.59*	.00*	.00*	79.59*
134-60360 PM-Auto/Travel Expenses							
Total Account 134-60360 - PM-Auto/Travel Expenses				243.08*	.00*	.00*	243.08*
134-60363 PM-Meetings & Seminars							
12-31-2004	PJ	580613	CRCkReq0 CR Inv # CkReq061104		75.00-		
Total Account 134-60363 - PM-Meetings & Seminars				543.70*	75.00-*	.00*	468.70*

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-60365 PM-Dues & Memberships							
Total Account 134-60365 - PM-Dues & Memberships				5,670.30*	.00*	.00*	5,670.30*
134-60380 PM-Bank Service Charges							
12-06-2004	CMA	134CPIIO	Analysis Explicit Charge		690.00		
12-06-2004	CMA	134CPIIO	Analysis Charge		15.96		
12-06-2004	CMA	134GRSEC	Analysis Charge		15.12		
12-31-2004	CMA	134GRBOA	Service Fee		38.46		
Total Account 134-60380 - PM-Bank Service Charges				2,228.51*	759.54*	.00*	2,988.05*
134-60385 PM-Late Payment Fees (Vendors)							
12-08-2004	PJ	220047	0304552/ 3535 1/2 Green Crest		141.72		
12-21-2004	PJ	520536	3992176- #821		1.38		
12-21-2004	PJ	550135	83237903 832 379-0300 531 0		31.29		
12-21-2004	PJ	520536	3679916- #514		.98		
12-21-2004	PJ	520536	3680887- #228		1.02		
12-21-2004	PJ	520536	3939746- BS1		3.89		
12-21-2004	PJ	520536	3942710- 3530 Green Crest Dr.		46.15		
12-21-2004	PJ	520536	3942812- BS2		3.28		
12-21-2004	PJ	520536	3942819- BS3		4.26		
12-21-2004	PJ	520536	3943947- BS4		.95		
12-21-2004	PJ	520536	3943986- BS7		5.58		
12-21-2004	PJ	520536	3943991- BS8		3.93		
12-21-2004	PJ	520536	3944544- BS5		5.68		
12-21-2004	PJ	520536	3944651- BS6		3.21		
12-21-2004	PJ	520536	4027445- #811		.64		
12-21-2004	PJ	520536	4098256- #628		1.03		
12-21-2004	PJ	520536	4125641- #216		1.00		
Total Account 134-60385 - PM-Late Payment Fees (Vend				2,731.03*	255.99*	.00*	2,987.02*
134-60413 PM-Electricity Common Areas							
12-21-2004	PJ	520536	3939746- BS1		84.18		
12-21-2004	PJ	520536	3942710- 3530 Green Crest Dr.		844.32		
12-21-2004	PJ	520536	3942812- BS2		71.99		
12-21-2004	PJ	520536	3942819- BS3		95.64		
12-21-2004	PJ	520536	3943947- BS4		18.98		
12-21-2004	PJ	520536	3943986- BS7		123.96		
12-21-2004	PJ	520536	3943991- BS8		92.38		
12-21-2004	PJ	520536	3944544- BS5		127.78		
12-21-2004	PJ	520536	3944651- BS6		69.93		
Total Account 134-60413 - PM-Electricity Common Area				16,658.49*	1,529.16*	.00*	18,187.65*
134-60415 PM-Electricity Standing Units							
12-09-2004	PJ	520536	3797907- #815		17.90		
12-09-2004	PJ	520536	4027309- #428		30.24		
12-21-2004	PJ	520536	3680863- #235		100.85		
12-21-2004	PJ	520536	3992176- #821		23.41		
12-21-2004	PJ	520536	4027445- #811		26.86		
12-21-2004	PJ	520536	4041076- #424		22.10		
12-21-2004	PJ	520536	3679916- #514		32.26		
12-21-2004	PJ	520536	3680887- #228		18.81		
12-21-2004	PJ	520536	4027445- #811		10.15		
12-21-2004	PJ	520536	4098256- #628		22.07		
12-21-2004	PJ	520536	4125641- #216		10.08		
12-21-2004	PJ	520536	4153603- #226		24.85		
12-21-2004	PJ	520536	4153945- #322		102.65		
12-21-2004	PJ	520536	4164910- #426		26.41		
12-21-2004	PJ	520536	4164920- #822		49.52		
12-21-2004	PJ	520536	4164989- #227		26.03		
12-21-2004	PJ	520536	4165163- #735		23.95		
12-21-2004	PJ	520536	4165169- #332		15.37		
12-21-2004	PJ	520536	4165174- #538		37.31		
12-21-2004	PJ	520536	4165252- #427		138.96		
12-27-2004	PJ	520536	4164989- #227		13.36		
Total Account 134-60415 - PM-Electricity Standing Un				32,846.35*	773.14*	.00*	33,619.49*
134-60423 PM-Water Charges - Gross							
12-01-2004	GL	lk1204-R	Harris C reverse nov accrual			4,608.00-	
12-31-2004	GL	lk1204-1	Harris C accrue dec expense		4,613.95		
12-31-2004	GL	lk1204-2	Harris C reaccrue nov expense		4,608.00		
Total Account 134-60423 - PM-Water Charges - Gross				29,288.08*	9,221.95*	4,608.00-*	33,902.03*
134-60463 PM-Garbage/Trash Pickup							
12-31-2004	GL	lk1204-1	Republic accrue dec expense		940.21		
Total Account 134-60463 - PM-Garbage/Trash Pickup				7,888.66*	940.21*	.00*	8,828.87*
134-60501 PM-Exterminating Contract							
12-31-2004	GL	mn1204-2	reverse 11/04 accruals			166.71-	
12-31-2004	GL	lk1204-2	Webb Pes reaccrue nov expense		166.71		
12-31-2004	GL	lk1204-2	Webb Pes accrue dec expense		166.71		
Total Account 134-60501 - PM-Exterminating Contract				1,768.32*	333.42*	166.71-*	1,935.03*
134-60520 PM-Grounds - General Supplies							
Total Account 134-60520 - PM-Grounds - General Suppl				120.00*	.00*	.00*	120.00*
134-60525 PM-Grounds - Contract Maintenance							
12-09-2004	PJ	060511	5979 December Landscape		1,350.96		
12-31-2004	GL	mn1204-2	reverse 11/04 accruals			1,350.96-	
12-31-2004	GL	lk1204-1	BVB accrue dec expense		1,350.96		

Date Jrn Ref 1 Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-60525 PM-Grounds - Contract Maintenance - Continued				
Total Account 134-60525 - PM-Grounds - Contract Main	14,860.56*	2,701.92*	1,350.96-*	16,211.52*
134-60530 PM-Grounds - Annual Plantings				
Total Account 134-60530 - PM-Grounds - Annual Planti	1,000.24*	.00*	.00*	1,000.24*
134-60540 PM-Grounds - Maint. Gates & Fences				
Total Account 134-60540 - PM-Grounds - Maint. Gates	1,533.61*	.00*	.00*	1,533.61*
134-60555 PM Grounds Swimming Pool supplies				
Total Account 134-60555 - PM Grounds Swimming Pool s	780.92*	.00*	.00*	780.92*
134-60570 PM-Building - General Supplies				
Total Account 134-60570 - PM-Building - General Supp	342.46*	.00*	.00*	342.46*
134-60580 PM-Building - Electrical Maintenance				
Total Account 134-60580 - PM-Building - Electrical M	87.94*	.00*	.00*	87.94*
134-60605 PM-Turnover-Janitorial/Cleaning Supplies				
Total Account 134-60605 - PM-Turnover-Janitorial/Cle	998.62*	.00*	.00*	998.62*
134-60610 PM-Turnover - Floor Coverings				
Total Account 134-60610 - PM-Turnover - Floor Coveri	824.26*	.00*	.00*	824.26*
134-60615 PM-Turnover - Paint & Wallcoverings				
12-09-2004 PJ 260710 2081 715,227,216,121,415-paint		1,151.01		
12-09-2004 PJ 260710 2082 213,813,811,628-paint		1,135.60		
Total Account 134-60615 - PM-Turnover - Paint & Wall	1,224.34*	2,286.61*	.00*	3,510.95*
134-60620 PM-Turnover - Window & Door Maint.				
Total Account 134-60620 - PM-Turnover - Window & Doo	233.22*	.00*	.00*	233.22*
134-60630 PM-Turnover - Appliances				
Total Account 134-60630 - PM-Turnover - Appliances	90.44*	.00*	.00*	90.44*
134-60655 PM-Equipment - Small Tools				
Total Account 134-60655 - PM-Equipment - Small Tools	237.08*	.00*	.00*	237.08*
134-60710 PM-Management Fee				
12-31-2004 PJ 020468 mgmtfeeD mgmt fee - Dec - City Parc II		3,099.48		
12-31-2004 PJ 170046 mgmtDec- mgmt fee - Dec - City Parc II		1,668.95		
Total Account 134-60710 - PM-Management Fee	57,556.18*	4,768.43*	.00*	62,324.61*
134-60715 PM - Payroll fee				
Total Account 134-60715 - PM - Payroll fee	100.00*	.00*	.00*	100.00*
134-60810 PM-Real Estate Taxes				
12-31-2004 GL lk1204-3 accrue RE Taxes		15,000.00		
12-31-2004 GL ar1204 Adj 12/04 Tax acc to actual		1,862.88		
Total Account 134-60810 - PM-Real Estate Taxes	187,778.25*	16,862.88*	.00*	204,641.13*
134-60865 PM-Miscellaneous Taxes,Licenses&Permits				
Total Account 134-60865 - PM-Miscellaneous Taxes,Lic	135.00*	.00*	.00*	135.00*
134-60875 PM-Property Insurance				
12-01-2004 GL ar1204 Reverse accrual-Wrg amt			3,390.00-	
12-31-2004 GL lk1204-4 accrue property ins.		3,390.00		
Total Account 134-60875 - PM-Property Insurance	58,403.60*	3,390.00*	3,390.00-*	58,403.60*
134-60915 PM-Replacements - Appliances				
12-28-2004 PJ 670978 57044452 refrig, stoves, microwave hood		2,332.79		
Total Account 134-60915 - PM-Replacements - Applianc	.00*	2,332.79*	.00*	2,332.79*
134-60925 PM-Replacements - Window Coverings				
Total Account 134-60925 - PM-Replacements - Window C	141.52*	.00*	.00*	141.52*
134-60930 PM - Replacements - Exterior repairs				
Total Account 134-60930 - PM - Replacements - Exteri	2,160.00*	.00*	.00*	2,160.00*
134-91200 EXP-Interest on Bank/Investor Loans				
12-01-2004 PJ 670538 13884904 Loan #13884904 CPII Dec04		72,888.89		
Total Account 134-91200 - EXP-Interest on Bank/Inves	825,812.14*	72,888.89*	.00*	898,701.03*
134-93200 INC-Interest from Other Sources				
12-31-2004 GL ar1204 Post int earned thru 12/0			9,272.28-	
Total Account 134-93200 - INC-Interest from Other So	26,134.23-*	.00*	9,272.28-*	35,406.51-*

Date	Jrn	Ref 1	Ref 2 Transaction Desc	Beginning Balance	Debit	Credit	Ending Balance
134-97200 PRTNR-Audit and Tax Return Fees							
Total Account 134-97200 - PRTNR-Audit and Tax Return				9,420.00*	.00*	.00*	9,420.00*
134-97300 PRTNR-Other Taxes and Licenses							
Total Account 134-97300 - PRTNR-Other Taxes and Lice				576.25*	.00*	.00*	576.25*
134-97400 PRTNR-Other Partnership Admin Expense							
12-31-2004	GL	ar1204	Fees pd - Asset Oversight Fee		2,400.00		
Total Account 134-97400 - PRTNR-Other Partnership Ad				61,583.48*	2,400.00*	.00*	63,983.48*
Total Company 134 - Finlay Interests 34, Ltd.				.00*	1,599,394.75*	1,599,394.75-*	.00*
GRAND TOTALS				.00*	1,599,394.75*	1,599,394.75-*	.00*

Rent Roll As Of 25 Dec 2004

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
111	C1	0	859.00	Tomlin, Marvine	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	80.00
112	B1	0	745.00	Paz, Marvin	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
113	C1	0	859.00	Sanabria, Carlos	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
114	B1	0	745.00	Arroyave, Julian	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
115	B1	0	745.00	**Allen, Chantella	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	-154.45
116	C1	0	859.00	Garcia, Cesar	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	-24.00
117	B1	0	745.00	Collins, Albert	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
118	C1	0	859.00	**Strickland, Cynthia	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
121	C1	0	859.00	Borrero, Alexy	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
122	B1	0	745.00	Hicks, Monica	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-5.00
123	C1	0	859.00	Umanzor, Rachel	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
124	B1	0	745.00	Jawandor, Jemilatu	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
125	B1	0	745.00	Buford, Jermaine	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
126	C1	0	859.00	Shah, Shailesh	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
127	B1	0	745.00	Agboluaje, Idia	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	15.00
128	C1	0	859.00	Palacios, Juan	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-1.00

Rent Roll As Of 25 Dec 2004

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
131	C1	O	859.00	Alvarez, Denise	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	418.00
132	B1	O	745.00	Shepard, Demetric	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-14.00
133	C1	O	859.00	Allen, Anna	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-4.00
134	B1	O	745.00	**Myles, Yvonne	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	77.58
135	B1	O	745.00	Simmons, Keith	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	710.00
136	C1	O	859.00	**Earl, Yvette	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-126.00
137	B1	O	745.00	**Miller, Tamika	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	718.93
138	C1	O	859.00	**Austin, Tracie	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-30.30
211	C1	O	859.00	**Randall, Pamela	2196	CA	RENT	831.00	PX	LTOL	28.00		
						CA	LTOR	28.00				831.00	-831.00
212	B1	O	745.00	Richmond, Maisolet	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-0.61
213	C1	O	859.00	Smith, Kim	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
214	B1	O	745.00	Mitchell, Verdean	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
215	B1	O	745.00	Abraham, Jessica	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
216	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
217	B1	O	745.00	Hernandez, Noe	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	923.00
218	C1	O	859.00	Jackson, Edward	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	-3.00

Unit	Type	Stat	Market	Name	Entity	----- Charges -----	Code	Amount	----- Credits -----	Code	Amount	Net Change In Balance	Resident Balance
221	C1	O	859.00	Crayton, Willie	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-100.00
222	B1	O	745.00	Clayton, Leslie	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	-2854.45
223	C1	O	859.00	Phillips, Kasandra	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	237.00
224	B1	O	745.00	Basabe, Taina	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	-4.00
225	B1	O	745.00	Mackey, Khiva	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
226	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
227	B1	O	745.00	Cox, Johnny	2196	CA	RENT	745.00				745.00	-357.50
228	C1	O	859.00	Williams *** Charmaine	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	29.00
231	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
232	B1	O	745.00	Montoya, Laura	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	175.00
233	C1	O	859.00	Lambert, Lyela	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	793.00
234	B1	O	745.00	Valliere, Willie	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
235	B1	O	745.00	Khan, Amir	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
236	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
237	B1	V	745.00	Vacant Unit	2196	CA	RENT	745.00	PT	VAC	745.00	0.00	0.00
238	C1	O	859.00	Daniela Codilla	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-2.00
311	C1	O	859.00	Gutierrez, Victor	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	823.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
312	B1	O	745.00	Morao, Rangel	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
313	C1	O	859.00	Smith, Jean	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
314	B1	O	745.00	Gutierrez, Alfredo	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	710.00
315	B1	O	745.00	Bohac, Elizabeth	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-10.00
316	C1	O	859.00	Jones, Widger	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-5.00
317	B1	O	745.00	Restrepo, Federico	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
318	C1	O	859.00	Butler, Climmie	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
321	C1	O	859.00	Royal, Yolanda	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
322	B1	O	745.00	Gonzales, Jose	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	1420.00
323	C1	O	859.00	**Grimes, Patrica	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	818.00
324	B1	O	745.00	**Hanks, Darlene	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	508.81
325	B1	O	745.00	Aguilar, Angela	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
326	C1	O	859.00	**Wiggins, Chrissy	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	2.00
327	B1	O	745.00	Squires, Mark	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
328	C1	O	859.00	Perea, Eliecer	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	940.00
331	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
332	B1	0	745.00	Onukwufor, Goodluck	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
333	C1	0	859.00	**Sanders, Sheryl	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-32.45
334	B1	0	745.00	Dorsey, Daisy	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
335	B1	0	745.00	Buchanan, Erica	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
336	C1	0	859.00	**Brown, Tara	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-169.28
337	B1	0	745.00	Apodaca, Georgina	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
338	C1	0	859.00	Matiling, Elmer	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
411	C1	0	859.00	Rincon, Jose	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	818.00
412	B1	0	745.00	Thomas, Sharon	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	25.00
413	C1	0	859.00	Sullivan, Shdawn	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	253.00
414	B1	0	745.00	**Martin, Ada	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-175.00
415	B1	0	745.00	Degollado, David	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
416	C1	0	859.00	Davalos, Maria	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	547.00
417	B1	0	745.00	Curtis, Carlisa	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-0.61
418	C1	0	859.00	**Wade, Lashuyla	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-127.87
421	C1	0	859.00	Chambers, Elke	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	807.50

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
422	B1	O	745.00	Davis, Ivory	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-30.00
423	C1	O	859.00	Williams, Demetriss	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	40.00
424	B1	O	745.00	Gomez, Dimas	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
425	B1	O	745.00	Martinez, Jose	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	-6.00
426	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
427	B1	O	745.00	Patterson, Linda	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
428	C1	O	859.00	Smith, Deanna	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
431	C1	O	859.00	**Allen, Keisha	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	20.00
432	B1	O	745.00	Lauria, Steven	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
433	C1	O	859.00	Waters, Vickie	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	92.50
434	B1	O	745.00	Apodaca, Nicole	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
435	B1	O	745.00	Guajardo, Angela	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
436	C1	O	859.00	Sodia, Carol	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
437	B1	O	745.00	Ewing, James	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
438	C1	O	859.00	**Rhone, Ahesia**	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	2135.00
511	C1	O	859.00	**Simmons, Gertha	2196	CA	RENT	831.00	PX	LTOL	28.00		
						CA	LTOR	28.00				831.00	-72.00

Unit	Type	Stat	Market	Name	Entity	Charges			Credits			Net Change In Balance	Resident Balance
							Code	Amount		Code	Amount		
512	B1	O	745.00	Sevilla, Julio	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	25.00
513	C1	O	859.00	Valencia, Laura	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	2.00
514	B1	V	745.00	Vacant Unit	2196	CA	RENT	745.00	PT	VAC	745.00	0.00	0.00
515	B1	O	745.00	Dumont, Mario	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
516	C1	O	859.00	**Thomas, Nakeydra	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	209.60
517	B1	O	745.00	Mauricio, Bernadette	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
518	C1	O	859.00	Urbina, Maria	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	0.00
521	C1	O	859.00	Lima, Zulma	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	818.00
522	B1	O	745.00	Gomez, Cathy	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	-5.00
523	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
524	B1	O	745.00	*Allen* Latasha*	2196	CA	RENT	726.00	PX	LTOL	19.00		
						CA	LTOR	19.00				726.00	-183.00
525	B1	O	745.00	Nicholson, Tracy	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
526	C1	O	859.00	Franklin, Crystal	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	784.00
527	B1	O	745.00	Martin *** Burell	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
528	C1	O	859.00	Aguilar, Gigi	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-2.00
531	C1	O	859.00	Henderson,*** Shalita	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-3.00

Unit	Type	Stat	Market	Name	Entity	----- Charges -----			----- Credits -----			Net Change	Resident
							Code	Amount		Code	Amount	In Balance	Balance
532	B1	O	745.00	Darko, Lina	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	137.00
533	C1	O	859.00	Wilson, Tammy	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
534	B1	O	745.00	Ervin, Marvin	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
535	B1	O	745.00	Decorrea, Teodolfo	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	691.00
536	C1	O	859.00	Ross**, *Asley	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-449.00
537	B1	O	745.00	Santiago,*** Wanda	2196	CA	RENT	685.00	PX	LTOL	60.00		
						CA	LTOR	60.00				685.00	-153.00
538	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
611	C1	O	859.00	**Colter, Sherry	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	0.00
612	B1	O	745.00	**Scranton, Sharon	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	247.00
613	C1	O	859.00	**Jamerson, Pamela	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-383.00
614	B1	O	745.00	Hernanadez, Maria	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	35.00
615	B1	O	745.00	Ekwere, Obot	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	-5.00
616	C1	O	859.00	**Morales, Cynthia	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	-272.00
617	B1	O	745.00	Alejandra Brito	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-24.48
618	C1	O	859.00	Shawn, Hubbard	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
621	C1	O	859.00	Dennis, Daniels	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	2420.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
622	B1	O	745.00	Tate, Andralyn	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
623	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
624	B1	O	745.00	Castillo, Jessica	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	136.00
625	B1	O	745.00	Sosa, Jose	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	-34.00
626	C1	O	859.00	Quillones, Sara	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	-20.00
627	B1	O	745.00	Henry, Bertha	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
628	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
631	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
632	B1	O	745.00	Maddison, Sheldine	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	-63.00
633	C1	O	859.00	Orozco, Martha	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	823.00
634	B1	O	745.00	Salazar, Enrique	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	-4.00
635	B1	O	745.00	Vasquez, Erika	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
636	C1	O	859.00	**Copeland, Tanika	2196	CA	RENT	831.00	PX	LTOL	28.00		
						CA	LTOR	28.00				831.00	0.20
637	B1	O	745.00	Henson, Carol	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00
638	C1	O	859.00	Pacheco, Hector	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	0.00
711	C1	O	859.00	**Jones, Ronnie	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	-1073.68
712	B1	O	745.00	**Williams, Isaac	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
713	C1	O	859.00	**Smith, Mary	2196	CA	RENT	836.00	PX	LTOL	23.00		
						CA	LTOR	23.00				836.00	-2698.18
714	B1	O	745.00	**Tillis, Alice	2196	CA	RENT	726.00	PX	LTOL	19.00		
						CA	LTOR	19.00				726.00	0.00
715	B1	O	745.00	Aguirre, Maria Delcarmen	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	5.00
716	C1	O	859.00	Martinez, Jose	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	-8.00
717	B1	V	745.00	Vacant Unit	2196	CA	RENT	745.00	PT	VAC	745.00	0.00	0.00
718	C1	O	859.00	Saavedra, Rodolfo	2196	CA	RENT	828.00	PX	LTOL	31.00		
						CA	LTOR	31.00				828.00	-33.00
721	C1	O	859.00	Jones, Lauretta	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-4.00
722	B1	O	745.00	Vargas, Jose	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	691.00
723	C1	O	859.00	Marcus, Smith	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
724	B1	O	745.00	White, Laquinta	2196	CA	RENT	721.00	PX	LTOL	24.00		
						CA	LTOR	24.00				721.00	-5.00
725	B1	O	745.00	Martinez, Yvonne	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
726	C1	O	859.00	Garcia, Genaro	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
727	B1	O	745.00	Garcia, Alberta	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	715.00
728	C1	O	859.00	Akhtar, Darakhshan	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	-7.00
731	C1	O	859.00	Ojeahere, Toyin	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	40.00
732	B1	V	745.00	Vacant Unit	2196	CA	RENT	745.00	PT	VAC	745.00	0.00	0.00

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
733	C1	O	859.00	Hernandez Hugo	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
734	B1	O	745.00	Valazquez, Jose	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
735	B1	V	745.00	Vacant Unit	2196	CA	RENT	745.00	PT	VAC	745.00	0.00	0.00
736	C1	O	859.00	Carter, Rashunda	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	0.00
737	B1	O	745.00	Forde, Colvin	2196	CA	RENT	691.00	PX	LTOL	54.00		
						CA	LTOR	54.00				691.00	0.00
738	C1	O	859.00	Cohen, Migon	2196	CA	RENT	793.00	PX	LTOL	66.00		
						CA	LTOR	66.00				793.00	489.90
811	C1	V	859.00	Vacant Unit	2196	CA	RENT	859.00	PT	VAC	859.00	0.00	0.00
812	B1	O	745.00	Magarino, Luz	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	0.00
813	C1	O	859.00	***Rijo, Mirtha	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	1093.00
814	B1	O	745.00	Arciniega, Viridiana	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	-5.00
815	B1	O	745.00	Chacon, Sergio	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
816	C1	O	859.00	**CHATMAN, NATASHA	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	10723.53
817	B1	O	745.00	Owens, Doree	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	715.00
818	C1	O	859.00	**Simmons, Lanitra	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	-90.00
821	C1	O	859.00	Edge, Deborah	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	23.00
822	B1	O	745.00	Hassan, Akram	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
823	C1	O	859.00	Prince, Pauline	2196	CA	RENT	823.00	PX	LTOL	36.00		

Unit	Type	Stat	Market	Name	Entity	Charges	Code	Amount	Credits	Code	Amount	Net Change In Balance	Resident Balance
						CA	LTOR	36.00				823.00	0.00
824	B1	0	745.00	Prevost, Paula	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	5.00
825	B1	0	745.00	**Lewis, Lodesker	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	289.19
826	C1	0	859.00	**Dogan, Trenesia	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	13.19
827	B1	0	745.00	**Caudle, Jeri	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-50.00
828	C1	0	859.00	Davis, Lenora	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	23.00
831	C1	0	859.00	Jefferson, Darryl	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	-10.00
832	B1	0	745.00	Garcia, Nancy	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	15.00
833	C1	0	859.00	Ward, Cheryl	2196	CA	RENT	823.00	PX	LTOL	36.00		
						CA	LTOR	36.00				823.00	0.00
834	B1	0	745.00	Alvarez, Yessica	2196	CA	RENT	715.00	PX	LTOL	30.00		
						CA	LTOR	30.00				715.00	0.00
835	B1	0	745.00	Bello, Amina	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	710.00
836	C1	0	859.00	Gary, Martha	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	95.00
837	B1	0	745.00	**Walker, Kimberly	2196	CA	RENT	710.00	PX	LTOL	35.00		
						CA	LTOR	35.00				710.00	-112.00
838	C1	0	859.00	**Lowe, Sherry	2196	CA	RENT	818.00	PX	LTOL	41.00		
						CA	LTOR	41.00				818.00	-51.00
			153984.00					153984.00			20854.00	133130.00	25223.07
						CA	RENT	147163.00	PX	LTOL	6821.00		
						CA	LTOR	6821.00	PT	VAC	14033.00		

Unit	Type	Stat	Market	Name	Entity	Charges Code		Charges Amount	Credits Code		Credits Amount	Net Change In Balance	Resident Balance

Total Market Rent: $ 153,984.00 - Gain/Loss To Lease: $ -6,821.00 Net Rent: $ 147,163.00

Cityparc II At West Oaks
Delinquent Residents Report
Prorations Include Groups: ABCDEFGHIJKLMNOPQRSTUVWXY
As Of: Saturday, December 25, 2004

Name	PCF	Unit	Move-In	Move-Out	Jrnl	Current	Prior-1	Prior-2+	Total	T/L	Comment
Tomlin, Marvine	C	111	12/19/03	/ /	RESI	80.00	0.00	0.00	80.00	6	BAL DUE LETTER
Agboluaje, Idia	C	127	01/13/04	/ /	RESI	15.00	0.00	0.00	15.00	4	balance due letter
Alvarez, Denise	C	131	01/31/04	/ /	RESI	418.00	0.00	0.00	418.00	5	LO 12/23
**Myles, Yvonne	C	134	01/07/04	/ /	RESI	77.58	0.00	0.00	77.58	1	BALANCE LETTER
Simmons, Keith	C	135	12/12/03	/ /	RESI	710.00	0.00	0.00	710.00	2	
**Miller, Tamika	C	137	12/18/03	/ /	RESI	710.00	8.93	0.00	718.93	2	balance due letter
Hernandez, Noe	C	217	04/26/04	/ /	RESI	721.00	202.00	0.00	923.00	5	L/O 23
Phillips, Kasandra	C	223	05/15/04	/ /	RESI	237.00	0.00	0.00	237.00	7	balance letter
Williams *** Charmaine	C	228	08/05/04	/ /	RESI	29.00	0.00	0.00	29.00	1	resi portion letter sent
Montoya, Laura	C	232	09/04/04	/ /	RESI	175.00	0.00	0.00	175.00	2	
Lambert, Lyela	C	233	08/02/04	/ /	RESI	793.00	0.00	0.00	793.00	0	
Gutierrez, Victor	C	311	11/17/04	/ /	RESI	823.00	0.00	0.00	823.00	0	
Gutierrez, Alfredo	C	314	01/31/04	/ /	RESI	710.00	0.00	0.00	710.00	0	
Gonzales, Jose	C	322	02/02/04	/ /	RESI	710.00	710.00	0.00	1420.00	4	
**Grimes, Patrica	C	323	01/23/04	/ /	RESI	818.00	0.00	0.00	818.00	0	NON PAY HSG
**Hanks, Darlene	C	324	01/30/04	/ /	RESI	508.81	0.00	0.00	508.81	4	housing
**Wiggins, Chrissy	C	326	03/01/04	/ /	RESI	2.00	0.00	0.00	2.00	0	housing
Perea, Eliecer	C	328	01/31/04	/ /	RESI	818.00	122.00	0.00	940.00	0	
Rincon, Jose	C	411	03/01/04	/ /	RESI	818.00	0.00	0.00	818.00	0	
Thomas, Sharon	C	412	03/01/04	/ /	RESI	25.00	0.00	0.00	25.00	1	SENT LETTER
Sullivan, Shdawn	C	413	07/22/04	/ /	RESI	0.00	253.00	0.00	253.00	2	notice balance due
Davalos, Maria	C	416	02/20/04	/ /	RESI	547.00	0.00	0.00	547.00	6	L/O NOTICE 16
Chambers, Elke	C	421	05/24/04	/ /	RESI	807.50	0.00	0.00	807.50	3	ptp 12-15
Williams, Demetriss	C	423	03/04/04	/ /	RESI	40.00	0.00	0.00	40.00	2	
**Allen, Keisha	C	431	04/23/04	/ /	RESI	20.00	0.00	0.00	20.00	0	housing
Waters, Vickie	C	433	05/24/04	/ /	RESI	92.50	0.00	0.00	92.50	6	
Rhone, Ahesia	C	438	06/21/04	/ /	RESI	836.00	836.00	463.00	2135.00	0	115
Sevilla, Julio	C	512	08/13/04	/ /	RESI	13.00	12.00	0.00	25.00	3	
Valencia, Laura	C	513	06/16/04	/ /	RESI	2.00	0.00	0.00	2.00	3	
**Thomas, Nakeydra	C	516	06/25/04	/ /	RESI	209.60	0.00	0.00	209.60	0	HOUSING
Lima, Zulma	C	521	07/01/04	/ /	RESI	818.00	0.00	0.00	818.00	1	
Franklin, Crystal	C	526	07/20/04	/ /	RESI	784.00	0.00	0.00	784.00	3	
Darko, Lina	C	532	08/01/04	/ /	RESI	137.00	0.00	0.00	137.00	3	
Decorrea, Teodolfo	C	535	08/13/04	/ /	RESI	691.00	0.00	0.00	691.00	1	
**Scranton, Sharon	C	612	04/01/04	/ /	RESI	247.00	0.00	0.00	247.00	1	HOUSING
Hernanadez, Maria	C	614	03/06/04	/ /	RESI	35.00	0.00	0.00	35.00	3	125
Dennis, Daniels	C	621	06/25/04	/ /	RESI	818.00	818.00	784.00	2420.00	2	will catch up this month
Castillo, Jessica	C	624	03/30/04	/ /	RESI	136.00	0.00	0.00	136.00	6	SENT BALANCE DUE LETTER
Orozco, Martha	C	633	09/24/04	/ /	RESI	823.00	0.00	0.00	823.00	0	
**Copeland, Tanika	C	636	06/25/04	/ /	RESI	0.20	0.00	0.00	0.20	0	HOUSING
Aguirre, Maria Delcarmen	C	715	10/30/04	/ /	RESI	5.00	0.00	0.00	5.00	0	
Vargas, Jose	C	722	07/19/04	/ /	RESI	691.00	0.00	0.00	691.00	0	
Garcia, Alberta	C	727	06/11/04	/ /	RESI	715.00	0.00	0.00	715.00	1	moving no notice
Ojeahere, Toyin	C	731	07/21/04	/ /	RESI	40.00	0.00	0.00	40.00	1	
Cohen, Migon	C	738	08/01/04	/ /	RESI	489.90	0.00	0.00	489.90	1	balance due $25 paid on 4th
***Rijo, Mirtha	C	813	11/01/04	/ /	RESI	823.00	270.00	0.00	1093.00	0	housing
**CHATMAN, NATASHA	C	816	11/29/03	/ /	RESI	818.00	818.00	9087.53	10723.53	0	NON- PAY HSG.
Owens, Doree	C	817	11/01/04	/ /	RESI	715.00	0.00	0.00	715.00	0	

Delinquent Residents Report

Prorations Include Groups: ABCDEFGHIJKLMNOPQRSTUVWXY

As Of: Saturday, December 25, 2004

Name	PCF	Unit	Move-In	Move-Out	Jrnl	Current	Prior-1	Prior-2+	Total	T/L	Comment
Edge, Deborah	C	821	10/22/04	/ /	RESI	23.00	0.00	0.00	23.00	1	
Prevost, Paula	C	824	09/17/04	/ /	RESI	5.00	0.00	0.00	5.00	4	
**Lewis, Lodesker	C	825	12/03/03	/ /	RESI	289.19	0.00	0.00	289.19	0	housing
**Dogan, Trenesia	C	826	12/16/03	/ /	RESI	13.19	0.00	0.00	13.19	0	NON-PAY HSG
Davis, Lenora	C	828	11/25/03	/ /	RESI	23.00	0.00	0.00	23.00	5	
Garcia, Nancy	C	832	11/08/03	/ /	RESI	15.00	0.00	0.00	15.00	3	money order dated 4th
Bello, Amina	C	835	11/21/03	/ /	RESI	710.00	0.00	0.00	710.00	3	
Gary, Martha	C	836	11/11/03	/ /	RESI	95.00	0.00	0.00	95.00	9	
Subjournal Totals					RESI	21725.47	4049.93	10334.53	36109.93		
						21725.47	4049.93	10334.53	36109.93		

Balance Due From Current Accounts.: 36109.93

Total Delinquent Ignoring 'On Notice' Credit.: 36109.93

Delinquent Leases.: 56

12 MONTH PROFIT & LOSS

85-398 CITY PARC II AT WEST OAKS APTS

As of 07/25/2006

Report Date	**8/03/2006**
Report Time	**5:16 PM**
Sq Ft	**214,272**
Units	**192**

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
	REVENUE													
6000	Rental Income	1099904.00	157056.00	157056.00	157056.00	157184.00	157184.00	157184.00	157184.00	0.00	0.00	0.00	0.00	0.00
6002	Loss to Lease	(30062.00)	(2886.00)	(2917.00)	(3728.00)	(4571.00)	(5019.00)	(4872.00)	(6069.00)	0.00	0.00	0.00	0.00	0.00
6010	Vacancy Loss	(158495.10)	(36175.00)	(32147.66)	(28490.87)	(22870.74)	(11922.89)	(13363.19)	(13524.75)	0.00	0.00	0.00	0.00	0.00
6040	Rental Discounts	(549.34)	0.00	0.00	18.66	(150.00)	0.00	(418.00)	0.00	0.00	0.00	0.00	0.00	0.00
6047	Employee Discount	(13115.00)	(2512.00)	(2530.00)	(2374.00)	(2732.00)	(1477.00)	(745.00)	(745.00)	0.00	0.00	0.00	0.00	0.00
6079	One Time Concession	(200.00)	(200.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6100	Application Fees	1240.00	35.00	0.00	175.00	140.00	70.00	820.00	0.00	0.00	0.00	0.00	0.00	0.00
6104	Washer/Dryer Fees	19.13	0.00	19.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6107	Laundry	17342.75	0.00	0.00	16800.00	0.00	122.75	310.00	110.00	0.00	0.00	0.00	0.00	0.00
6110	Vending Commissions	379.35	1.47	163.87	0.00	0.00	214.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6130	Late/NSF Fees	6596.48	781.00	1228.49	1161.66	1425.00	954.33	521.00	525.00	0.00	0.00	0.00	0.00	0.00
6140	Miscellaneous	11775.09	(1812.00)	11317.13	1659.07	(67.00)	450.00	227.89	0.00	0.00	0.00	0.00	0.00	0.00
6150	Security Deposit Forfeit	1887.00	759.00	20.00	(400.00)	0.00	600.00	354.33	553.67	0.00	0.00	0.00	0.00	0.00
6160	Terminated Tenant Income	5230.00	4346.00	480.00	104.00	0.00	300.00	(730.00)	730.00	0.00	0.00	0.00	0.00	0.00
	TOTAL INCOME	**941952.36**	**119393.47**	**132689.96**	**141981.52**	**128358.26**	**141476.20**	**139289.03**	**138763.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	OPERATING EXPENSES													
	REPAIRS & MAINTENANCE													
7000	Plumbing	1059.54	0.00	129.64	0.00	192.11	150.39	587.40	0.00	0.00	0.00	0.00	0.00	0.00
7010	HVAC	420.58	100.07	235.00	85.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7030	Electrical Repairs/Supplies	2412.61	1329.61	142.49	205.68	0.00	734.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7040	Building Repairs/Supplies	1062.99	27.89	14.02	247.77	303.22	33.49	218.30	218.30	0.00	0.00	0.00	0.00	0.00
7050	Appliance Repairs & Supplies	319.18	0.00	319.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7060	Carpet Cleaning & Repair	11482.67	740.03	2252.80	5806.18	587.90	465.19	1140.70	489.87	0.00	0.00	0.00	0.00	0.00
7070	Paint/Paint Supplies	2169.15	400.00	556.07	12.84	144.84	569.01	244.69	241.70	0.00	0.00	0.00	0.00	0.00
7080	Apt. Cleaning & Janitorial	2865.59	399.94	557.36	637.11	147.54	293.40	226.10	604.14	0.00	0.00	0.00	0.00	0.00
7090	Pool Repair	668.04	668.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7100	Landscape Additions	61.65	0.00	61.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7110	Elevator Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7130	Contract Labor	742.00	0.00	0.00	742.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL REPAIRS & MAINT.	**23264.00**	**3665.58**	**4268.21**	**7737.09**	**1375.61**	**2246.31**	**2417.19**	**1554.01**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	MONTHLY SERVICES													
7200	Pest Control	1091.18	0.00	0.00	402.70	172.12	172.12	172.12	172.12	0.00	0.00	0.00	0.00	0.00
7210	Landscape Maintenance	6889.79	487.13	802.81	676.56	1299.04	1299.04	974.25	1350.96	0.00	0.00	0.00	0.00	0.00
7220	Pool Maintenance	1022.46	247.15	247.15	128.16	200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00

12 MONTH PROFIT & LOSS
85-398 CITY PARC II AT WEST OAKS APTS
As of 07/25/2006

Report Date	8/03/2006
Report Time	5:16 PM
Sq Ft	214,272
Units	192

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
7240	Security Systems	1455.61	0.00	0.00	1079.61	188.00	88.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00
7250	Answering Service	315.32	0.00	0.00	45.00	88.32	90.32	45.84	45.84	0.00	0.00	0.00	0.00	0.00
	TOTAL MONTHLY SERVICES	**10774.36**	**734.28**	**1049.96**	**2332.03**	**1947.48**	**1649.48**	**1192.21**	**1868.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	UTILITIES													
7302	Water	35811.77	5975.40	5792.80	5620.25	4065.21	4076.86	5128.30	5152.95	0.00	0.00	0.00	0.00	0.00
7310	Electricity	16970.24	1000.31	718.13	1360.49	2561.33	3443.27	6279.62	1607.09	0.00	0.00	0.00	0.00	0.00
7311	Electricity - Vacant	11547.54	2623.30	0.00	1084.29	3849.92	1928.35	1265.68	796.00	0.00	0.00	0.00	0.00	0.00
7330	Trash Removal	7193.82	983.67	1015.01	980.00	1269.38	981.82	981.95	981.99	0.00	0.00	0.00	0.00	0.00
7350	Telephone & Pagers	4727.89	532.12	736.11	733.43	396.23	742.63	816.19	771.18	0.00	0.00	0.00	0.00	0.00
	TOTAL UTILITIES	**76251.26**	**11114.80**	**8262.05**	**9778.46**	**12142.07**	**11172.93**	**14471.74**	**9309.21**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	AD & PROMOTION													
7400	Locator Expense	1349.00	299.00	0.00	0.00	0.00	0.00	0.00	1050.00	0.00	0.00	0.00	0.00	0.00
7410	Advertising	1564.63	759.71	593.30	(1135.56)	518.27	0.00	178.91	650.00	0.00	0.00	0.00	0.00	0.00
7420	Promotions	393.52	85.53	21.66	14.67	100.00	0.00	171.66	0.00	0.00	0.00	0.00	0.00	0.00
7425	Social Services - contract labor	3360.00	0.00	0.00	560.00	640.00	720.00	720.00	720.00	0.00	0.00	0.00	0.00	0.00
7430	Signs	25.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL AD & PROMOTION	**6692.15**	**1144.24**	**639.96**	**(560.89)**	**1258.27**	**720.00**	**1070.57**	**2420.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	GENERAL & ADMINISTRATI'													
7500	Office Supplies	5948.44	911.47	2346.29	708.55	78.69	605.59	824.94	472.91	0.00	0.00	0.00	0.00	0.00
7510	Professional Services	899.89	34.56	34.56	283.53	34.56	34.56	108.56	369.56	0.00	0.00	0.00	0.00	0.00
7511	Legal/Accounting	5419.00	0.00	0.00	3152.00	1167.00	0.00	0.00	1100.00	0.00	0.00	0.00	0.00	0.00
7512	Credit Reports	1128.85	200.00	315.24	124.57	79.24	86.60	236.60	86.60	0.00	0.00	0.00	0.00	0.00
7513	Dues/Professional Assn. Exp.	5772.91	0.00	57.13	0.00	2857.89	0.00	2857.89	0.00	0.00	0.00	0.00	0.00	0.00
7520	On Site Travel	790.94	112.84	0.00	182.49	245.91	249.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7530	On Site Payroll	76400.45	11281.44	8708.64	12954.45	10430.47	11228.65	8957.20	12839.60	0.00	0.00	0.00	0.00	0.00
7531	Taxes and Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7550	Property Management Fee	29445.65	3551.16	6525.75	4023.54	3517.52	3675.04	4038.66	4113.98	0.00	0.00	0.00	0.00	0.00
	TOTAL GEN. & ADMIN	**125806.13**	**16091.47**	**17987.61**	**21429.13**	**18411.28**	**15880.14**	**17023.85**	**18982.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	TAXES & INSURANCE													
7600	Property Taxes	82080.00	8208.00	8208.00	8208.00	8208.00	16416.00	16416.00	16416.00	0.00	0.00	0.00	0.00	0.00
7610	Insurance	23920.00	4240.00	3280.00	3280.00	3280.00	3280.00	3280.00	3280.00	0.00	0.00	0.00	0.00	0.00
	TOTAL TAXES & INSURANCE	**106000.00**	**12448.00**	**11488.00**	**11488.00**	**11488.00**	**19696.00**	**19696.00**	**19696.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

12 MONTH PROFIT & LOSS

85-398 CITY PARC II AT WEST OAKS APTS

As of 07/25/2006

Report Date	8/03/2006
Report Time	5:16 PM
Sq Ft	214,272
Units	192

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
	MISCELLANEOUS													
6145	Write Off	66313.90	2577.00	23384.52	9136.66	18600.00	3867.72	8133.00	615.00	0.00	0.00	0.00	0.00	0.00
7700	Miscellaneous	169.59	84.66	0.00	36.23	0.00	0.00	48.70	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL MISCELLANEOUS	**66483.49**	**2661.66**	**23384.52**	**9172.89**	**18600.00**	**3867.72**	**8181.70**	**615.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	TOTAL OPERATING EXPENSES	**415271.39**	**47860.03**	**67080.31**	**61376.71**	**65222.71**	**55232.58**	**64053.26**	**54445.79**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	TOTAL OPERATING INCOME	**526680.97**	**71533.44**	**65609.65**	**80604.81**	**63135.55**	**86243.62**	**75235.77**	**84318.13**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	PARTNERSHIP EXPENSE													
7820	Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7830	Legal/Audit	19250.00	0.00	0.00	0.00	0.00	14250.00	5000.00	0.00	0.00	0.00	0.00	0.00	0.00
7835	Trustee Fee	2169.65	0.00	0.00	0.00	0.00	0.00	0.00	2169.65	0.00	0.00	0.00	0.00	0.00
7870	Carpet Replacement	1030.55	1030.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7890	HVAC	470.00	0.00	0.00	0.00	0.00	0.00	235.00	235.00	0.00	0.00	0.00	0.00	0.00
	TOTAL PARTNERSHIP EXPEN;	**22920.20**	**1030.55**	**0.00**	**0.00**	**0.00**	**14250.00**	**5235.00**	**2404.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	DEBT SERVICE													
7900	Interest Expense	466986.95	66662.91	66662.91	66614.95	66747.66	55273.22	72512.65	72512.65	0.00	0.00	0.00	0.00	0.00
7915	Trustee Fee	2333.31	333.33	333.33	333.33	333.33	999.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7916	Admin Isuer Fee	6612.11	1188.88	933.44	952.59	953.47	2583.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7917	Asset Oversight Agent's Fee	2800.00	400.00	400.00	400.00	400.00	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7918	Compliance Fee	2800.00	400.00	400.00	400.00	400.00	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL DEBT SERVICE	**481532.37**	**68985.12**	**68729.68**	**68700.87**	**68834.46**	**61256.94**	**72512.65**	**72512.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	DEPRECIATION & AMORTIZ.													
	TOTAL DEPRECIATION & AM(	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	CAPITAL GENERAL													
8007	Plumbing	763.12	0.00	0.00	342.50	213.98	0.00	206.64	0.00	0.00	0.00	0.00	0.00	0.00
8014	Exterior Carpentry	113.48	0.00	0.00	113.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8018	Carpet Replacement	990.42	990.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8019	Appliance Replacement	1077.08	0.00	0.00	0.00	0.00	1077.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8021	Blinds	29.60	0.00	0.00	0.00	0.00	0.00	29.60	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL CAPITAL	**2973.70**	**990.42**	**0.00**	**455.98**	**213.98**	**1077.08**	**236.24**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

12 MONTH PROFIT & LOSS

85-398 CITY PARC II AT WEST OAKS APTS

As of 07/25/2006

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Sq Ft	214,272
Units	192

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
	NET INCOME	19254.70	527.35	(3120.03)	11447.96	(5912.89)	9659.60	(2748.12)	9400.83	0.00	0.00	0.00	0.00	0.00

12 MONTH PROFIT & LOSS

85-397 CITY PARC I AT WEST OAKS APTS

As of 07/25/06

Report Date	8/04/06
Report Time	3:10 PM
Sq Ft	187,488
Units	168

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
	REVENUE													
6000	Rental Income	929148.00	132636.00	132636.00	132636.00	132810.00	132810.00	132810.00	132810.00	0.00	0.00	0.00	0.00	0.00
6002	Loss to Lease	(29111.00)	(2961.00)	(3060.00)	(3662.00)	(4373.00)	(5333.00)	(4809.00)	(4913.00)	0.00	0.00	0.00	0.00	0.00
6010	Vacancy Loss	(120023.28)	(35899.00)	(33504.00)	(22553.00)	(11254.67)	(7875.30)	(6707.83)	(2229.48)	0.00	0.00	0.00	0.00	0.00
6045	Other Discount	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6047	Employee Discount	(10623.00)	(1456.00)	(1456.00)	(1456.00)	(1272.00)	(720.00)	(2103.00)	(2160.00)	0.00	0.00	0.00	0.00	0.00
6079	One Time Concession	(2757.16)	(539.00)	(858.00)	(1360.16)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6100	Application Fees	1015.00	280.00	0.00	105.00	0.00	350.00	210.00	70.00	0.00	0.00	0.00	0.00	0.00
6107	Laundry	31265.49	0.00	0.00	30950.00	0.00	0.00	285.49	30.00	0.00	0.00	0.00	0.00	0.00
6110	Vending Commissions	30.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00
6130	Late/NSF Fees	7007.51	607.00	679.00	2050.49	546.60	769.00	850.06	1505.36	0.00	0.00	0.00	0.00	0.00
6140	Miscellaneous	216.84	1955.00	(4444.00)	2338.76	(186.70)	186.70	200.00	167.08	0.00	0.00	0.00	0.00	0.00
6150	Security Deposit Forfeit	914.00	0.00	173.00	641.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6160	Terminated Tenant Income	12108.00	3895.00	250.00	3824.00	60.00	4079.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL INCOME	**819190.40**	**98518.00**	**90416.00**	**143514.09**	**115500.23**	**125196.40**	**120735.72**	**125309.96**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	OPERATING EXPENSES													
	REPAIRS & MAINTENANCE													
7000	Plumbing	917.48	0.00	0.00	0.00	509.01	150.39	186.39	71.69	0.00	0.00	0.00	0.00	0.00
7010	HVAC	2471.71	146.87	0.00	0.00	1316.60	937.31	0.00	70.93	0.00	0.00	0.00	0.00	0.00
7030	Electrical Repairs/Supplies	2677.38	703.11	13.07	95.00	245.29	394.95	1050.75	175.21	0.00	0.00	0.00	0.00	0.00
7040	Building Repairs/Supplies	3162.03	314.33	155.77	756.98	503.28	685.06	548.45	198.16	0.00	0.00	0.00	0.00	0.00
7050	Appliance Repairs & Supplies	135.92	0.00	0.00	0.00	0.00	0.00	135.92	0.00	0.00	0.00	0.00	0.00	0.00
7060	Carpet Cleaning & Repair	4268.81	2071.89	0.00	1609.14	38.00	268.45	0.00	281.33	0.00	0.00	0.00	0.00	0.00
7070	Paint/Paint Supplies	2763.70	499.94	533.84	830.61	522.66	128.76	150.39	97.50	0.00	0.00	0.00	0.00	0.00
7080	Apt. Cleaning & Janitorial	1110.72	0.00	0.00	299.99	400.46	175.06	55.40	179.81	0.00	0.00	0.00	0.00	0.00
7090	Pool Repair	1937.09	(1722.91)	0.00	0.00	1830.00	1830.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7100	Landscape Additions	508.76	0.00	0.00	0.00	254.38	0.00	254.38	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL REPAIRS & MAINT.	**19953.60**	**2013.23**	**702.68**	**3591.72**	**5619.68**	**4569.98**	**2381.68**	**1074.63**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	MONTHLY SERVICES													
7200	Pest Control	1068.91	0.00	307.16	179.99	123.11	155.55	151.55	151.55	0.00	0.00	0.00	0.00	0.00
7210	Landscape Maintenance	6176.26	1190.76	694.56	676.56	487.13	802.04	974.25	1350.96	0.00	0.00	0.00	0.00	0.00
7220	Pool Maintenance	1308.57	247.15	0.00	775.31	47.49	0.00	0.00	238.62	0.00	0.00	0.00	0.00	0.00
7240	Security Systems	1150.95	0.00	0.00	486.10	28.88	41.06	532.00	62.91	0.00	0.00	0.00	0.00	0.00
7250	Answering Service	640.28	55.10	45.84	49.26	47.41	47.41	287.33	107.93	0.00	0.00	0.00	0.00	0.00

12 MONTH PROFIT & LOSS

85-397 CITY PARC I AT WEST OAKS APTS

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Sq Ft	187,488
Units	168

ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
	TOTAL MONTHLY SERVICES	10344.97	1493.01	1047.56	2167.22	734.02	1046.06	1945.13	1911.97	0.00	0.00	0.00	0.00	0.00
	UTILITIES													
7302	Water	36986.09	4043.69	5355.95	4212.75	4206.08	4782.33	6417.92	7967.37	0.00	0.00	0.00	0.00	0.00
7310	Electricity	16020.96	2584.74	1984.08	3642.23	1838.39	1228.43	1742.92	3000.17	0.00	0.00	0.00	0.00	0.00
7311	Electricity - Vacant	8204.19	3510.23	93.89	575.23	1603.10	640.00	1599.43	182.31	0.00	0.00	0.00	0.00	0.00
7330	Trash Removal	8078.25	149.81	69.14	2013.24	2916.15	972.05	985.81	972.05	0.00	0.00	0.00	0.00	0.00
7350	Telephone & Pagers	3952.57	433.79	32.11	1695.83	476.25	460.01	406.81	447.77	0.00	0.00	0.00	0.00	0.00
	TOTAL UTILITIES	73242.06	10722.26	7535.17	12139.28	11039.97	8082.82	11152.89	12569.67	0.00	0.00	0.00	0.00	0.00
	AD & PROMOTION													
7400	Locator Expense	1050.00	0.00	0.00	0.00	0.00	0.00	0.00	1050.00	0.00	0.00	0.00	0.00	0.00
7410	Advertising	2813.07	1390.00	505.51	526.47	107.11	24.75	232.57	26.66	0.00	0.00	0.00	0.00	0.00
7420	Promotions	571.63	209.80	170.80	0.00	75.00	116.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7425	Social Services - contract labor	2400.00	0.00	0.00	0.00	600.00	600.00	600.00	600.00	0.00	0.00	0.00	0.00	0.00
7450	Corporate Expense	39.76	0.00	0.00	39.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL AD & PROMOTION	6874.46	1599.80	676.31	566.23	782.11	740.78	832.57	1676.66	0.00	0.00	0.00	0.00	0.00
	GENERAL & ADMINISTRATI													
7500	Office Supplies	5264.55	1658.71	520.76	498.91	778.98	133.67	933.28	740.24	0.00	0.00	0.00	0.00	0.00
7510	Professional Services	7392.06	30.24	30.24	5490.96	30.24	116.60	1194.54	499.24	0.00	0.00	0.00	0.00	0.00
7511	Legal/Accounting	2106.38	130.00	134.00	134.00	972.00	574.00	162.38	0.00	0.00	0.00	0.00	0.00	0.00
7512	Credit Reports	1182.40	321.29	0.00	788.27	36.42	36.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7513	Dues/Professional Assn. Exp.	2977.45	0.00	2915.45	0.00	0.00	0.00	62.00	0.00	0.00	0.00	0.00	0.00	0.00
7520	On Site Travel	657.47	243.33	254.12	28.53	20.72	0.00	110.77	0.00	0.00	0.00	0.00	0.00	0.00
7530	On Site Payroll	84383.00	14054.86	12143.25	13734.70	10896.43	10825.18	10366.96	12361.62	0.00	0.00	0.00	0.00	0.00
7531	Taxes and Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7550	Property Management Fee	25257.63	2111.92	3300.74	6457.48	2915.24	3417.72	3547.95	3506.58	0.00	0.00	0.00	0.00	0.00
	TOTAL GEN. & ADMIN	129220.94	18550.35	19298.56	27132.85	15650.03	15103.59	16377.88	17107.68	0.00	0.00	0.00	0.00	0.00
	TAXES & INSURANCE													
7600	Property Taxes	76000.00	7600.00	7600.00	7600.00	7600.00	15200.00	15200.00	15200.00	0.00	0.00	0.00	0.00	0.00
7610	Insurance	20930.00	3710.00	2870.00	2870.00	2870.00	2870.00	2870.00	2870.00	0.00	0.00	0.00	0.00	0.00
	TOTAL TAXES & INSURANCE	96930.00	11310.00	10470.00	10470.00	10470.00	18070.00	18070.00	18070.00	0.00	0.00	0.00	0.00	0.00
	MISCELLANEOUS													
6145	Write Off	43498.26	1099.00	23464.12	3296.00	4714.00	5937.14	4988.00	0.00	0.00	0.00	0.00	0.00	0.00

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ACCT	DESCRIPTION	TOTALS	JUL	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG
7700	Miscellaneous	130.19	28.33	0.00	55.22	0.00	0.00	46.64	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL MISCELLANEOUS	43628.45	1127.33	23464.12	3351.22	4714.00	5937.14	5034.64	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL OPERATING EXPENSES	380194.48	46815.98	63194.40	59418.52	49009.81	53550.37	55794.79	52410.61	0.00	0.00	0.00	0.00	0.00
	TOTAL OPERATING INCOME	438995.92	51702.02	27221.60	84095.57	66490.42	71646.03	64940.93	72899.35	0.00	0.00	0.00	0.00	0.00
	OWNER'S EXPENSE													
7820	Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7830	Legal/Audit	19100.00	0.00	0.00	0.00	0.00	16600.00	2500.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL OWNER'S EXPENSE	19100.00	0.00	0.00	0.00	0.00	16600.00	2500.00	0.00	0.00	0.00	0.00	0.00	0.00
	DEBT SERVICE													
7900	Interest Expense	402366.99	57407.50	57432.71	57448.04	57507.45	57458.89	57556.03	57556.37	0.00	0.00	0.00	0.00	0.00
7915	Trustee Fee	2149.98	333.33	333.33	333.33	333.33	816.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7916	Admin Isuer Fee	7215.40	982.75	1003.26	1003.26	1003.26	3222.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7917	Asset Oversight Agent's Fee	2572.57	367.51	367.51	367.51	367.51	1102.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL DEBT SERVICE	414304.94	59091.09	59136.81	59152.14	59211.55	62600.95	57556.03	57556.37	0.00	0.00	0.00	0.00	0.00
	DEPRECIATION & AMORTIZ													
	TOTAL DEPRECIATION & AM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	CAPITAL GENERAL													
8007	Plumbing	426.03	0.00	0.00	0.00	0.00	0.00	426.03	0.00	0.00	0.00	0.00	0.00	0.00
8018	Carpet Replacement	4502.82	1533.17	0.00	0.00	0.00	0.00	2969.65	0.00	0.00	0.00	0.00	0.00	0.00
8021	Blinds	202.23	0.00	0.00	(64.00)	0.00	32.41	31.59	202.23	0.00	0.00	0.00	0.00	0.00
	TOTAL CAPITAL	5131.08	1533.17	0.00	(64.00)	0.00	32.41	3427.27	202.23	0.00	0.00	0.00	0.00	0.00
	NET INCOME	459.90	(8922.24)	(31915.21)	25007.43	7278.87	(7587.33)	1457.63	15140.75	0.00	0.00	0.00	0.00	0.00

	January	February	March	April	May	June	July	August	September	October
City Parc 2004										
Gross Potential Rent	$128,352	$128,352	$130,368	$130,368	$130,368	$130,368	$130,368	$130,368	$128,352	$128,352
Vacancy Loss	$5,064	$3,731	$6,242	$8,539	$17,404	$14,540	$15,055	$13,427	$12,692	$14,577
GPR-Vacancy	$123,288	$124,621	$124,126	$121,829	$112,964	$115,828	$115,313	$116,941	$115,660	$113,775
Occupancy Rate	**96.05%**	**97.09%**	**95.21%**	**93.45%**	**86.65%**	**88.85%**	**88.45%**	**89.70%**	**90.11%**	**88.64%**
City Parc II 2004										
Gross Potential Rent	$146,689	$146,688	$149,952	$149,952	$149,952	$149,952	$149,952	$149,952	$149,952	$149,952
Vacancy Loss	$106,323	$98,900	$86,404	$73,358	$59,597	$49,087	$32,302	$14,313	$4,153	$8,808
GPR-Vacancy	$40,366	$47,788	$63,548	$76,594	$90,355	$100,865	$117,650	$135,639	$145,799	$141,144
Occupancy Rate	**27.52%**	**32.58%**	**42.38%**	**51.08%**	**60.26%**	**67.26%**	**78.46%**	**90.45%**	**97.23%**	**94.13%**
City Parc 2005										
Gross Potential Rent	$128,352	$128,352	$128,352	$132,552	$132,552	$132,552	$132,552	$132,552	$132,552	$132,552
Vacancy Loss	$11,923	$10,186	$10,904	$9,430	$12,323	$13,876	$17,367	$20,101	$14,706	$7,124
GPR-Vacancy	$116,429	$118,166	$117,448	$123,122	$120,229	$118,676	$115,185	$112,451	$117,846	$125,428
Occupancy Rate	**90.71%**	**92.06%**	**91.50%**	**92.89%**	**90.70%**	**89.53%**	**86.90%**	**84.84%**	**88.91%**	**94.63%**
City Parc II 2005										
Gross Potential Rent	$153,984	$153,984	$153,984	$156,960	$156,960	$156,960	$156,960	$156,960	$156,960	$156,960
Rent Loss	$11,431	$12,975	$12,341	$14,505	$15,587	$21,631	$26,715	$28,245	$20,130	$11,521
GPR-Vacancy	$142,553	$141,009	$141,643	$142,455	$141,373	$135,329	$130,245	$128,715	$136,830	$145,439
Occupancy Rate	**92.58%**	**91.57%**	**91.99%**	**90.76%**	**90.07%**	**86.22%**	**82.98%**	**82.00%**	**87.18%**	**92.66%**
City Parc 2006										
Gross Potential Rent	$132,810	$132,810	$132,810	$132,810	$132,636	$132,636	$132,636			
Vacancy Loss	$2,229	$6,708	$7,875	$11,255	$22,553	$33,504	$35,899			

GPR-Vacancy	$130,581	$126,102	$124,935	$121,555	$110,083	$99,132	$96,737
Occupancy Rate	**98.32%**	**94.95%**	**94.07%**	**91.53%**	**83.00%**	**74.74%**	**72.93%**

City Parc II 2006							
Gross Potential Rent	$157,184	$157,184	$157,184	$157,184	$157,056	$157,056	$157,056
Rent Loss	$13,525	$13,363	$11,923	$22,871	$28,491	$32,148	$36,175
GPR-Vacancy	$143,659	$143,821	$145,261	$134,313	$128,565	$124,908	$120,881
Occupancy Rate	**91.40%**	**91.50%**	**92.41%**	**85.45%**	**81.86%**	**79.53%**	**76.97%**

November	December	Year
$128,352	$128,352	$1,552,320
$14,221	$11,852	$137,164
$114,131	$116,500	$1,415,156
88.92%	**90.77%**	**91.16%**
$149,952	$153,984	$1,796,929
$4,811	$9,747	$547,803
$145,141	$144,237	$1,249,126
96.79%	**93.67%**	**69.51%**
$132,552	$132,552	$1,578,024
$6,583	$5,686	$140,199
$125,969	$126,866	$1,437,825
95.03%	**95.71%**	**91.12%**
$156,960	$156,960	$1,874,592
$8,620	$5,299	$188,999
$148,340	$151,661	$1,685,593
94.51%	**96.62%**	**89.92%**

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
August 30, 2006

Action Item

Draft 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

Board approval for publication of the Draft 2007 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines and authorization for the distribution and public hearings on the draft rules concurrent with the Department's uniform hearing schedule. These rules are codified in 10TAC §1.31- 1.37.

Background

The Department conducted workshops and held hearings on a major overhaul of the underwriting rules four years ago and removed them from the QAP. The purpose of the removal from the QAP was to facilitate the application of these rules with all of the Department's multifamily programs. The draft rules being presented today include changes resulting from two main sources of input: public input at roundtable meetings and staff input.

As in the previous year, clarification and restructuring for easier referencing were the main objectives for 2007. Changes made to the underlying rules include: language to define Restricted Market Rent and explain use in the underwriting analysis; language indicating criteria for adjustments to the long term proforma; added criteria to indicate a development is infeasible and not recommended for allocation; and inclusive capture rate conclusions by unit type.

§1.32 Underwriting

Deletion of Text in §1.32 (b) Report Contents
Reason for Change: The deletion will allow more flexibility in revamping the underwriting report based on Board recommendations for the 2007 application cycles.

Proposed §1.32 (d)(1)(A)(ii) Restricted Market Rent
Reason for Change: Comment has been received indicating affordable developments cannot achieve the maximum program rents in some market areas even when the market rents are higher. To account for this phenomenon, the underwriting analysis will also consider restricting projected rent collected per unit at the Restricted Market Rent conclusion of the submitted Market Analysis.

Proposed §1.32 (d)(2)(I) Reserves
Reason for Change: The minimum replacement reserve per unit for new construction developments was increased from \$200 to \$250 for consistency with National Council of State Housing Agencies' Underwriting Recommended Practices.

Proposed §1.32 (d)(4)(D) Acceptable Debt Coverage Ratio Range
Reason for Change: The minimum debt coverage ratio was increased from 1.10 to 1.15 for consistency with National Council of State Housing Agencies' Underwriting Recommended Practices.

Proposed §1.32 (d)(5) Long Term Proforma
Reason for Change: Language was added to allow adjustments over the long term proforma on an annual basis, including: income for operating subsidies, management fees for contracted rates, property taxes for documented assessment methods utilized by the CAD, and reserve for replacement for a lender's proposed schedule as long as the Department's minimum underwriting requirements are met.

Proposed §1.32 (c)(7) Developer Fee
Reason for Change: Clarification was added to support the consistent practice of allocating developer fees between acquisition basis and rehabilitation/new construction basis for tax credit purposes.

Proposed §1.32 (d)(5) Long Term Proforma
Reason for Change: The length of the long term proforma is changed from 30 years to 20 years to more closely reflect common practices in the industry.

Proposed §1.32 (i) Feasibility Conclusion
Reason for Change: Existing language regarding criteria for determination that a development is infeasible and therefore, funding or an allocation cannot be recommended was moved from other subsections to be centralized in one subsection. Also, an additional criterion to determine a development is infeasible was added.

(1) **Inclusive Capture Rate:** The capture rate percentage for developments characterized as rural, elderly or special needs was decreased from 100% to 50% due to flexible demand criteria in §1.33 that allows quantifiable secondary market demand for these developments. Also, capture rate limits based on a unit type by number of bedrooms and rent restriction category were added to account for improper unit mix based on demand factors.

(2) Restricted Market Rent: By considering the Restricted Market Rent conclusion presented by the Market Analyst the development's projected income may be understated. In addition, Restricted Market Rents that are less than program maximums and market rents may indicate the market is oversaturated at the proposed affordability level. A mechanism to avoid development of units at the wrong affordability level for a market area is proposed.

(3) **Initial Feasibility:** The ratio of total expense to income that results in a 30-year proforma indicating negative cashflow and unacceptable debt coverage was determined.

<u>§1.33 Market Analysis</u>

Roundtable discussions revealed market analysts would prefer guidelines for senior developments that are distinct from the general Market Analysis Rules and Guidelines. A working group was formed to address this issue, but no recommendations are made for the 2007 Market Analysis Rules and Guidelines.

Proposed §1.33 (d)(9)(E) and (10)(D) and (10)(E) Demand and Capture Rate by Unit type (Number of Bedrooms and Rent Restriction Category)
Reason for Change: The REA Rules currently require a best possible unit mix conclusion based on occupancy and demand (§1.33 (d)(11)(A)). Required demand and capture rate calculations provide documentation that the unit mix is well-reasoned and supported. Demand and capture rate calculations by unit type offer specific guidance on unit mix conclusions. The Houston MSA market study commissioned by the Department demonstrates that demand may exist for one unit type, two-bedroom units at 40% of AMI, for example, while there is no demand for three-bedroom units at 60% of AMI.

Proposed §1.33 (d)(9)(E)(ii) and (iii) Timing of Demand from Turnover and Population Growth
Reason for Change: Based on public comment, adjusting the timing of the projected population growth and turnover demand places the calculated demand closer in time to the lease-up phase of the development.

<u>§1.34 Appraisal</u>

Although it appears as if there are significant changes proposed to the appraisal rule, all of the changes are due to one of the following: editing for clarification; to mirror the format of the market analysis rule; or to avoid restating what is in the Uniform Standards of Professional Appraisal Practice (USPAP). The rule now contains only the unique TDHCA requirements.

<u>§1.35 Environmental Site Assessment</u>

Separate requirements for vacant sites versus improved sites were identified.

<u>Recommendation</u>

Approve the publication of the Draft 2007 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines and authorize the distribution and public hearing on the draft rules concurrent with the Department's uniform hearing schedule.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

~~2006~~ 2007 DRAFT Real Estate Analysis 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 that ensures the most efficient allocation of resources while promoting and preserving the public interest in ensuring the long-term health of the Department's portfolio. 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 of Development feasibility ~~process~~[§§2306.0661(f) and 2306.6710(d), Texas Government Code]. 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.~~

(b)~~(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 containing a synopsis and reconciliation of the application information submitted by the Applicant. ~~, described more fully in §1.32 of this subchapter~~.

(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in overall condition, unit amenities, utility structure, and common amenities, and

(A) for purposes of calculating the inclusive capture rate targets the same population and is likely to draw from the same demand pool;

(B) for purposes of estimating the Restricted Market Rent ~~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~~8) 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) **Restricted Market Rent**--The restricted 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 with the same rent and income restrictions.

(21) **Secondary Market**--Sometimes referred to as "Secondary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(~~8~~7).

(22)~~(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.

(23)~~(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.

(24)~~(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.

(25)~~(24)~~ **Underwriter**--The author(s), as evidenced by signature, of the Credit Underwriting Analysis Report.

(26)~~(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.

(27)~~(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.

(28)~~(27)~~ **Work Out Development**--A financially distressed Development seeking a change in the terms of Department funding or program restrictions based upon market changes.

(c) **Appeals.** Certain programs contain express appeal options. Where not indicated, 10 Tex. Admin. Code §§1.7 and 1.8 include general appeal procedures. In addition, the Department encourages the use of Alternative Dispute Resolution methods as outlined in 10 TAC §1.17.

§1.32 Underwriting Rules and Guidelines

(a) **General Provisions.** The Department Governing Board has authorized the development of these rules under its authority under §2306.148, Texas Government Code. The rules provide a mechanism to produce consistent information in the form of an Underwriting Report to provide interested parties information the Board relies upon in balancing the desire to assist as many Texans as possible by providing no more financing than necessary and have independent verification that Developments are economically feasible.~~, 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 generated 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.

~~(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.~~

(~~b~~c)~~(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, and states any feasibility conditions to be placed on the award.

(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.

(~~c~~d)~~(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.** In determining the Year 1 proforma, the~~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 Restricted 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 or Restricted Market Rent, 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~~attribute adjustment matrix of 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~~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.

(ii) **Restricted Market Rent.** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size and income and rent restrictions 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 Restricted Market Rent by unit, as long as the proposed Restricted Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable restricted rent. Random checks of the validity of the Restricted 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.

(iii) **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.

(iv)~~(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.** In determining the Year 1 proforma, the~~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 fully ~~executed~~executed ~~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 $250~~$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 Year 1 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 Year 1 NOI figure provided by the Applicant is within 5% of the Year 1 NOI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating the Year 1 DCR the Underwriter will maintain and use his independent calculation of NOI unless the Applicant's Year 1 EGI, Year 1 total expenses, and Year 1 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 Year 1 DCR range for all priority or foreclosable lien financing plus the Department's proposed financing falls between a minimum of 1.15~~1.10~~ to a maximum of 1.30. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.15~~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 Proforma ~~Feasibility~~.** The Underwriter will ~~evaluate the long term feasibility of the Development by creating~~create a 20-year ~~30-year~~ operating proforma.

~~(A) A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses.~~

(A) ~~(B)~~ The base year projection utilized is the Underwriter's Year 1 EGI, Year 1 operating expenses, and Year 1 NOI unless the Applicant's Year 1 EGI, Year 1 total operating expenses, and Year 1 NOI are each within 5% of the Underwriter's estimates.

(B) ~~In general, a~~A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses.

(C) Adjustments may be made to the Long Term Proforma if sufficient support documentation is provided by the Applicant. Support may include

(i) documentation with terms for Project-based Rental Assistance or Operating Subsidy;

(ii) a fully executed management contract with clear terms;

(iii) documentation prepared and signed by the Central Appraisal District (CAD) with jurisdiction over the Development indicating the appraisal methodology consistently employed by the CAD and a ten-year history, beginning with the Application year, of tax rates for each taxing district with jurisdiction over the Development; and

(iv) required reserve for replacement schedule prepared and signed by the proposed permanent lender or equity provider. In no instance will the reserve for replacement figure included in the Long Term Proforma be less than the minimum requirements as described in §1.37 of this title.

~~(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.~~

(~~d~~e)~~(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(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.

(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~~at a total of 14%. The percentage~~s are~~ is 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~~.** Developer fee claimed must be proportionate to the work for which it is earned and consistent with §49.9(d)(6) of this title.

(A) 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.~~

(B) In the case of a transaction requesting acquisition Tax Credits

(i) the allocation of eligible developer fee in calculating rehabilitation/new construction Tax Credits will not exceed 15% of the rehabilitation/new construction basis less developer fees, and

(ii) ~~In the case of an identity of interest transaction requesting acquisition Tax Credits,~~ no developer fee attributable to an identity of interest acquisition of the Development will be included in Eligible Basis.

(C) For non-Tax Credit Developments, the percentage ~~remains the same~~can be up to 15% 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.

(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.

(~~e~~f)~~(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.

(~~f~~g)~~(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.

(3)~~(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 20-year ~~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.

(~~g~~h)~~(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.

(~~h~~i)~~(i)~~ **Feasibility Conclusion.** An infeasible Development will not be recommended for funding or allocation unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendations of the report upon receipt of documentation supporting the alternative feasible financing structure~~accordingly~~. A development will be characterized as infeasible if paragraph (1) of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (2) – (4) of this subsection applies unless paragraph (5) of this subsection also applies.

(1) **Inclusive Capture Rate.** Defined in §1.33 of this title. The Underwriter will independently verify the inclusive capture rate. The Development

(A) is characterized as Rural, Elderly or Special Needs and the inclusive capture rate is

(i) above 50% for the total proposed units; or

(ii) above 100% for any Unit type by number of Bedrooms proposed and rent restriction category;

(B) is not characterized as Rural, Elderly or Special Needs and the inclusive capture rate is

(i) above 25% for the total proposed units; or

(ii) above 50% for any Unit type by number of Bedrooms proposed and rent restriction category.

(C) Developments meeting the requirements of subparagraph (A) or (B) of this paragraph may avoid being characterized as infeasible if subclause (i) or (ii) of this clause apply.

(i) Replacement Housing. The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the Primary Market Area as defined in §1.33 of this title on a Unit for Unit basis, and gives the displaced tenants of the previously existing substandard Affordable Housing a leasing preference.

(ii) Existing Housing. The Development is comprised of existing Affordable Housing which is at least 80% occupied and gives displaced existing tenants a leasing preference as stated in the submitted relocation plan.

(2) **Restricted Market Rent.** The Restricted Market Rent is

(A) less than both the net Program Rent and Market Rent for units with income and rents restricted at or below 50% of AMGI; or

(B) more than 10% below the lesser of the net Program Rent or Market Rent for units with income and rents restricted at or below 60% of AMGI, but above 50% of AMGI.

(3) **Initial Feasibility.** The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(4) **Long Term Feasibility.** Any year in the Long Term Proforma, as defined in (d)(5) of this section, reflects

(A) negative Cash Flow; or

(B) a Debt Coverage Ratio below 1.15.

(5) **Exceptions.** Developments meeting the requirements of one or more of paragraphs (2) – (4) of this subsection may be re-characterized as feasible if one or more of subparagraphs (A) – (D) of this paragraph and subparagraph (E) apply.

(A) The Development LURA reflects rents restricted at or below that affordable to the annualized income level calculated by dividing the Restricted Market Rent by 30%, rounded to the next lowest 10%.

(B) The Development will receive Project-based Section 8 Rental Assistance and a firm commitment with terms including contract rent and number of units is submitted at application.

(C)The Development will receive rental assistance in association with USDA-RD-RHS financing.

(D) The Development will be characterized as public housing as defined by HUD.

(E) The units not receiving Project-based Section 8 Rental Assistance or rental assistance in association with USDA-RD-RHS financing, or not characterized as public housing do not propose rents that are less than the Project-based Section 8, USDA-RD-RHS financing, or public housing units.

§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 (12)~~(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. Include a statement that the report preparer has read and understood the requirements of this section.

(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/.~~

(4)~~(5)~~ **Assumptions and Limiting Conditions.** Include a description of all assumptions, both general and specific, made by the Market Analyst concerning the Property.

(5)~~(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.

(6)~~(7)~~ **Statement of Ownership.** Disclose the current owners of record and provide a three year history of ownership for the subject Property.

(7)~~(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 (8)~~(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.

(8)~~(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.

(9)~~(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 for each Unit type by number of Bedrooms proposed and rent restriction category 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 Unit type by number of Bedrooms proposed and rent restriction category~~Development~~ based on 1.5 persons per Bedroom~~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 Unit type by number of Bedrooms proposed and rent restriction category ~~Development~~ with

(-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~~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 following ~~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.

(10)~~(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~~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 Restricted Market Rent ~~subsidized rent~~ conclusion for each proposed Unit~~unit~~ type by ~~(~~number of Bedrooms~~bedrooms or net rentable square footage)~~ and rent restriction category. Conclusions of Market Rents~~market rents~~ or Restricted Market Rent ~~subsidized rents~~ below the maximum net Program Rent~~program rent~~ limit must be well documented as the conclusions may impact the feasibility of the Development under §1.32(i).

(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 ~~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 ~~market rent~~ and Restricted Market Rent ~~subsidized rent~~ conclusions, provide a separate attribute adjustment matrix for each proposed unit type by ~~(~~number of Bedrooms~~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% indicate the Units are not comparable for the purposes of determining Market Rent and Restricted Market Rent conclusions~~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 target, income-eligible, size-appropriate and tenure-appropriate household demand by Unit type by number of Bedrooms proposed and rent restriction category (e.g. one-Bedroom units restricted at 50% of AMFI; two-Bedroom units restricted at 60% of AMFI) by summing the demand components discussed in paragraphs (9)(E)(ii) through (iv) of this subsection. State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components discussed in paragraphs ~~(10)~~(9)(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 Unit types by number of Bedrooms and rent restriction categories~~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 in previously approved but Unstabilized Developments, and

(ii) divide by the total target, income-eligible, size-appropriate and tenure-appropriate household demand stated in subparagraph (D) of this paragraph.

(iii) Refer to §1.32(i) for feasibility criteria.

(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).

(11)~~(12)~~ **Photographs.** Provide labeled color photographs of the subject Property, the neighborhood, street scenes, and comparables. An aerial photograph is desirable but not mandatory.

(12)~~(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 Provision~~s~~.** An ~~A~~appraisal~~s~~ 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.

(b) **Self-Contained.** ~~Self-contained reports~~An appraisal prepared for the Department 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.~~

(c) **Appraiser Qualifications.** The qualifications of each appraiser are determined 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. At minimum, a qualified appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board.

~~(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.~~

(d~~f~~) **Appraisal Contents.** An appraisal prepared for the Department must be organized in a format that follows a logical ~~progression~~ progression~~and~~. In addition to the contents described in USPAP Standards Rule 2, the appraisal must include~~, at minimum,~~ items addressed in paragraphs (1) through (12) ~~(138)~~ of this subsection.

(1) **Title Page.** Include a statement identifying ~~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~~

acknowledging~~gement~~ that ~~THDCA~~ the Department is granted full authority to rely on the findings of the report, and~~,~~ ~~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 ~~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, tax assessor's parcel number(s) of the site, ~~identification of type(s) of value(s) estimated (e.g., market value, leased fee value, as-financed value, etc.),~~ estimate of marketing period, and signatures of all appraisers authorized to work on the assignment including ~~.~~ the appraiser who inspected the property. Include a statement indicating the report preparer has read and understood the requirements of this section.

(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.~~

(4~~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.~~

(5~~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.

(6~~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.~~

(~~1~~7~~3~~) **Site/Improvement Description.** Discuss the site characteristics including subparagraphs (A) through (E~~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 h~~H~~ighest and b~~B~~est u~~U~~se, 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~~E) **Environmental Hazards.** It is recognized appraisers are not ~~an~~ experts in such matters ~~and the impact of such deficiencies may not be quantified; however,~~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.

(~~1~~8~~4~~) **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 (7~~13~~)(A) through (E~~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)~~9) **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, Cost Approach, Sales Comparison Approach and Income Approach, 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~~,~~ an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable. ~~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 a description of the ~~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 s~~Sales information should include address, legal description, tax assessor's parcel number(s), sales 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 in the Sales Comparison Approach 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.~~

(II~~I~~) **Net Operating Income/Unit of Comparison.** ~~If used in the report, t~~The net operating 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~~must 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 comparables 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 comparable~~s~~ expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. ~~Historical~~ Include historical data regarding the subject's assessment and tax rates~~ should be included~~ and ~~.~~ a~~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 capitalization 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.

(10) **Value Estimates.** Reconciliation of the final value estimate is required.

(A) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables. The appraiser should consider the fee simple or leased fee interest as appropriate.

(B) 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.

(C) 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. The appraiser should consider the fee simple or leased fee interest as appropriate.

(D) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. 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.

~~(116) **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.~~

(11~~7~~2) **Marketing ~~Period~~Time.** 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.

(12~~8~~3) **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.

(e~~g~~) **Additional Appraisal Concerns.** The appraiser(s) must ~~recognize and~~ be aware of ~~the particular TDHCA~~ Department program rules and guidelines and the appraisal must include analysis of any impact ~~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~~-~~1527-05). 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~~-~~. The ESA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

(b) In addition to ASTM requirements, the report must

(1) State if a noise study is recommended for a property in accordance with current HUD guidelines 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;~~

(4)~~(5)~~ If the subject site includes any improvements or debris from pre-existing improvements, state~~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;

(5)~~(6)~~ If the subject site includes any improvements or debris from pre-existing improvements, state~~State~~ if testing for Lead Based Paint would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(6)~~(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 such as the age of pipes and solder in existing improvements; and

(7)~~(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.~~

(d)~~(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.

(e)~~(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~~to the requirements of this subsection.

§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, replacements, or new construction which are: immediately necessary; proposed by the developer; and expected to be required throughout the term of the regulatory period and not less than 30 years. 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, Replacement, or New Construction.** If the development plan calls for additional repair, 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 which is identified as being 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 and no less than 30 years. 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 report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA should be signed and dated by the Third Party report provider not more than ~~six~~ three 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.

(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.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Approval of modification of draft rules for publication and public comment for Title 10 Texas Administrative Code §1.7 regarding staff appeals.

Required Action

Approve, reject or approve with modifications the suggested revisions to the rules governing the staff appeals process under Title 10 Texas Administrative Code §1.7.

Background

Current rules regarding the appeal of staff decisions are limited to applicants meeting certain criteria. The change in this rule reflects a greater opportunity to appeal staff decisions to the Executive Director and ultimately the Board on most of the Department's programs and lays out the timelines and allowable issues for appeal.

Key changes include defining a new term, the "Appealing Party," to include the Administrator (of a contract), an Affiliated Party (on decisions impacting their right to conduct business if a corollary rule regarding debarment proceeds), Applicant, or Person (allowed to challenge their Commitment, a Loan Agreement, or change to a LURA). The modifications expand the grounds to appeal to include most transactions currently administered by the Department. The changes do not expand the grounds under which an Applicant may appeal.

The modifications clarify deadlines on notice and when an appeal may be considered. The modifications also address when the Appealing Party may provide new information to the Executive Director and alterations to deadlines for having done so. It further clarifies that to be an Appealing Party, you must be directly related to the item being appealed.

Recommendation

Approve, reject or approve with modifications the suggested revisions to the rules governing the staff appeals process for Title 10 Texas Administrative Code §1.7.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
RULE 1.7. STAFF APPEALS PROCESS

1.7. Staff Appeals Process

(a) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Administrator--the Person responsible for performing under a Contract with the Department.

(2) Affiliated Party--A person in a relationship with the Administrator on a Contract with the Department. Does not apply to an Affiliated Party for Application purposes.

(3) Appeal--An Appealing Party's notice to challenge a decision or decisions made by staff and/or the Executive Director regarding an Application, Commitment, Contract, Loan Agreement or LURA as governed by this Section 1.7.

(4) ~~(1)~~ Appeal file--The written record of an Appeal ~~appeal~~ that contains the applicant's Appeal; the responses, if any, of Department staff, and the executive director, and the final decision.

(5) Appealing Party--The Administrator, Affiliated Party, Applicant, or Person who files, intends to file, or has filed on their behalf, an Appeal before the Department.

(6) ~~(2)~~ Applicant--A person who has submitted to the Department an Application ~~application~~ for Department funds or other assistance.

(7) ~~(3)~~ Application--The written request for Department funds or other assistance in the format required by the Department including any exhibits or other supporting material.

(8) ~~(4)~~ Board--The Governing Board of the Texas Department of Housing and Community Affairs.

(9) Commitment--A fully executed document that commits the Department to funding or other activity related to a program administered by the Department.

(10) Contract--The executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.

(11) ~~(5)~~ Department--The Texas Department of Housing and Community Affairs.

(12) Executive Director--As defined under Texas Government Code §§2306.036 and/or 2306.038

(13) Loan Agreement--An agreement between the Department and a Person regarding the terms and conditions of a loan provided to the Person from the Department.

(14) LURA--A Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with the responsible recording authority.

(15) ~~(6)~~ Person—Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(b) Grounds to Appeal Staff Decision. This appeal process is available to an Appealing Party under the following grounds:

(1) ~~any Applicant, including for tax exempt bonds and low income housing tax credits under 26 U.S.C. §42, except for low income housing tax credits which are subject to the State housing credit ceiling and which have a separate appeals process.~~ An Applicant for funding—including tax exempt bonds and low income housing tax credits under 26 U.S.C. §42, (except for low income housing tax credits which are subject to the State housing credit ceiling and which have a separate appeals process) -or other assistance from the Department may only appeal the disposition of the Application by Department staff based on one or more of the following: ~~grounds.~~

(A) ~~(1)~~ Misplacement of an Application where all ~~All~~ or a portion of the Application is lost, misfiled, or otherwise misplaced by Department staff resulting in unequal consideration of the Applicant's proposal.

(B) ~~(2)~~ Mathematical error where in ~~In~~ rating an Application, the score on any selection criteria is incorrectly computed by the Department due to human or computer error.

(C) ~~(3)~~ Procedural error~~.~~ where the ~~The~~ -Application was ~~is~~ not processed by Department staff in accordance with the Application and selection rules in effect for the current application cycle.

(2) An Administrator may appeal the denial of a Contract amendment that was requested in writing regarding:

(A) Extension of a Contract;

(B) Request to change any term of a Contract affecting the affordability period, number of persons served, or alteration of income levels served; or

(C) Alteration of funding.

(3) A Person may Appeal the denial of a change to a Commitment.

(4) A Person may Appeal the denial of a change to a Loan Agreement.

(5) A Person may Appeal a denial of a change to a LURA.

(6) An Affiliated Party may appeal a finding of failure to adequately perform under an Administrator's Contract, resulting in a "Debarment" or a similar action.

(c) Appeal of Staff Decision to the Executive Director~~executive director~~. An Appealing Party ~~Applicant~~ must file a written Appeal with the Department for the Executive Director not later than the seventh day ~~after the date the Department publishes notice on its website of the results of the Application evaluation process or, in the case of private activity mortgage revenue bond programs,~~ after ~~written~~ notice has been provided to the Appealing Party~~Applicant~~. For purposes of this section, posting on the Department's website is considered adequate notice when identified in the application process as a public notification mechanism.~~, whichever is earlier.~~ The written appeal ~~notice~~ must include specific information relating to the disposition of the Application or written request for change to the Contract, Commitment, Loan Agreement, and/or LURA. ~~each Application, including the reasons for disqualification or summaries detailing the points awarded.~~ The Appealing Party~~Applicant~~ must specifically identify the ~~Applicant's~~ grounds for the Appeal based on the disposition of underlying document. ~~its Application~~ Upon receipt of an Appeal, staff shall prepare an Appeal file for the Executive Director's~~executive director's~~ review. The Executive Director~~executive director~~ shall respond in writing to the Appeal not later than the fourteenth day after the date of receipt of the Appeal. The Executive Director ~~executive director~~ may take one of the following actions.

(1) Concur with the Appeal and make the appropriate adjustments to the staff's decision; or

(2) Disagree with the Appeal and provide the basis for rejecting the Appeal to the Applicant.

(d) Appeal of Executive Director's Decision to the Board. If the Appealing Party ~~Applicant~~ is not satisfied with the Executive Director's ~~executive director's~~ response to the Appeal, they ~~the Applicant~~ may appeal in writing directly to the Board within seven days after the date of the Executive Director's ~~executive director's~~ response. In order to be placed on the next Board agenda, the appeal must be received by the Department at least fourteen days prior the next scheduled Board meeting. Appeals requested under this Section 1.7 received after the fourteenth calendar day prior to the Board meeting will be scheduled at the next subsequent Board meeting.

The Executive Director ~~executive director~~ shall prepare an Appeal file for the board's review based on the information provided. If the Appealing Party receives additional information after the Executive Director has denied the Appeal, but prior to the posting of the Appeal for Board consideration, the new information must be provided to the Executive Director for further consideration or the ~~The~~ Board will ~~may~~ not consider any information submitted by the Applicant after the written Appeal~~appeal~~. New information will cause the deadlines in this subsection to begin again.

The Board will review the Appeal de novo and may consider any information properly considered by the Department in making its prior decision(s).

(e) Public Comment. The Board will hear public comment on the Appeal under its usual procedures. While public comment will be heard, persons making public comment are not parties to the Appeal and no rights accrue to them under this section or any other Appeal process. Nothing in this section provides a right to Appeal any decision made on an Application, Commitment, Contract, Loan Commitment, or LURA if the Appealing Party does not have direct grounds to appeal. An Affiliated Party is allowed to appeal only those decisions that directly impact the Affiliated Party, not the underlying agreements.

(f) Possible actions regarding Applications. In instances in which the Appeal if sustained by the Board could have resulted in an award to the Applicant, the Application shall be approved by the Board contingent on the availability of funds. If no funds are available in the current year's funding cycle, then the Applicant shall be awarded funds from the next year's available funding or from the pool of deobligated funds. In the case of private activity mortgage revenue bond programs, the Applicant shall be encouraged to reapply in the next year's program funding cycle. If the Appeal is denied, the Department shall notify the Applicant of the decision.~~, including the basis for denial.~~

(g) Possible actions regarding all other Appeals. On any appeal not governed under subsection (f), the Board shall direct staff to provide the adequate remedy allowable under current laws and rules. If the Appeal is denied, the Department shall notify the Applicant of the decision.

~~(g)~~(h) Decisions are Final ~~Final Decision~~. Appeals not submitted in accordance with this section will not be considered, unless the Department or Board, in the exercise of its discretion, determines there is good cause to consider the appeal. The decision of the Board is final.

(i) Limited Scope. The appeals process provided in this rule is of general application. Any statutory or specific rule with a different appeal process will be governed by the more specific statute or rule.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Approval of modification of draft rules for publication and public comment for Title 10 Texas Administrative Code §1.8 regarding Board appeals.

Required Action

Approve, reject or approve with modifications the suggested revisions to the rules governing the board appeals process under Title 10 Texas Administrative Code §1.8.

Background

Current rules regarding the appeal of staff decisions are limited to applicants meeting certain criteria. The change in this rule reflects the expanded right to be heard and is altered to be consistent with Title 10 Texas Administrative Code §1.7.

Key changes include adopting the definitions found Title 10 Texas Administrative Code §1.7.

The modifications clarify deadlines on notice and what may be considered on appeal. The modifications also provide additional actions if an appeal is granted to reflect the modifications for more grounds for appeal.

Recommendation

Approve, reject or approve with modifications the suggested revisions to the rules governing the staff appeals process for Title 10 Texas Administrative Code §1.8.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
RULE 1.8. BOARD APPEALS PROCESS

1.8. Board Appeals Process

(a) Definitions. For purposes of this section, the ~~The~~ following words and terms, ~~when used in this subchapter,~~ shall have the same ~~following~~ meanings~~,~~ as found in Section 1.7 of this title, unless the context clearly indicates otherwise.
~~(1) Appeal file--The written record of an appeal that contains the applicant's appeal; the responses, if any, of Department staff, and the executive director, and the final decision.~~
~~(2) Applicant--A person who has submitted to the Department an application for Department funds or other assistance.~~
~~(3) Application--The written request for Department funds or other assistance in the format required by the Department including any exhibits or other supporting material.~~
~~(4) Board--The Governing Board of the Texas Department of Housing and Community Affairs.~~
~~(5) Department--The Texas Department of Housing and Community Affairs.~~
~~(6) Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character~~

(b) Grounds. Any action taken by the Board ~~An Applicant for funding or other assistance from the Department may only appeal the disposition of the Application by the Board based on an action taken by the Board~~ which was allegedly not made in accordance with the applicable rules may be appealed. This Appeal process is available to any Appealing Party ~~Applicant, including for tax exempt bonds and low income housing tax credits under 26 U.S.C. §42~~, except for low income housing tax credits which are subject to the State housing credit ceiling and which have a separate appeals process.

(c) Appeal to the Board. An Applicant must file a written Appeal with the Department not later than the seventh day after the date of the Board meeting at which the ~~award~~ decision to be appealed was made. The Applicant must specify the alleged error and provide a detailed explanation of the alleged error, including any supporting documentation. The specific rule allegedly violated must be cited, as well as an explanation of the manner in which the alleged error adversely affects the Appealing Party~~Applicant's ability to receive funds or other assistance~~. Upon receipt of the appeal, the Executive Director ~~executive director~~ shall prepare a file for the Board to consider at the next regularly scheduled meeting of the Board. The Board may not consider any information submitted by the Applicant within fourteen days of the Board meeting on which the appeal is heard~~after the written Appeal~~. The Board will review the Appeal de novo and may consider any information properly considered by the Board in making its prior decision~~ on the Application~~.

(d) Public Comment. The Board will hear public comment on the Appeal under its usual procedures. While public comment will be heard, persons making public comment are not parties to the Appeal and no rights accrue to them under this section or the Appeal process. If a representative of a neighborhood group or other interested party completed a witness affirmation form including their telephone number and spoke in support of or opposition to an Application at the Board meeting at which the Board made the decision appealed from, Department staff will telephone the representative not later than the seventh day before the date of the Board meeting at which the Board will consider the Appeal and advise the representative of the date, time, and place of the Board meeting and that an Appeal will be considered by the Board. This notice requirement is satisfied if the Department makes three attempts to reach one group representative by telephone and is unsuccessful.

(e) Possible Actions. In instances in which the Appeal if sustained by the Board would have resulted in an award to the Appealing Party, ~~Applicant,~~ the Application shall be approved by the Board contingent on the availability of similar fund mechanisms ~~funds~~. If no funds are available in the current year's funding cycle, then the Applicant ~~shall~~ may be awarded funds from the next year's available funding or from the pool of deobligated funds at the discretion of the Board. ~~In the case of private activity mortgage revenue bond programs, the Applicant shall be encouraged to reapply in the next year's funding cycle.~~ If the Appeal is denied, the Department shall notify the Applicant of the decision~~, including the basis for denial~~.

(f) Final Decision. Appeals not submitted in accordance with this section will not be considered by the Board, unless the Board, in the exercise of its discretion, determines there is good cause to consider the appeal. The decisions of the Board are final.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Approval of modification of draft rules for publication and public comment for Title 10 Texas Administrative Code §1.13 regarding payment of non-current fees owed.

Required Action

Approve, reject or approve with modifications the suggested revisions to the rules governing the payment of non-current fees under Title 10 Texas Administrative Code §1.13.

Background

This new rule will replace an unrelated rule if the prior rule is repealed by the Board. Former §1.13 has been included within 10 Texas Administrative Code Chapter 60. If the Board does not authorize the repeal of the prior §1.13, the rule number would change. The purpose of this rule is to put into place a policy to limit the actions taken by the Department when outstanding, non-current fees are due the Department. This rule would not impact ongoing compliance issues or any non-voluntary procedure by the Department.

The rule is designed to increase the collection of fees that are past due and lower delinquency rates.

Recommendation

Staff recommends the Board approve the Draft rule regarding payment of non-current fees under §1.13 for publication to receive public comment and conduct the consolidated public hearings with the other applicable rules and allow staff to make changes to these rules, where applicable, to be consistent with other rules being approved at this Board meeting.

Title 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUBCHAPTER A GENERAL POLICIES AND PROCEDURES

Rule §1.13 ACTION BY DEPARTMENT IF OUTSTANDING BALANCES EXIST

(a) Purpose. The purpose of this section is to provide guidance to persons requesting action by the Department on Applications, Amendments, Awards, Appeals, Contracts, Commitment, Executed Form Documents, Loan Documents, or LURAs when outstanding balances are owed to the Department by any Administrator, Applicant, Person or Related Party on any relationship between the requestor and the Department, regardless if it is the subject of the request.

(b) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Action--Request for the Department to perform a function required or allowed under Texas Government Code §2306.001 et seq.

(2) Administrator--the Person responsible for performing under a Contract with the Department.

(3) Affiliated Party--A person in a relationship with the Administrator on a Contract with the Department. Does not apply to an Affiliated Party for Application purposes.

(4) Appeal--Action filed on behalf of an Administrator, Affiliated Party, Applicant, to request reconsideration or challenge a prior decision made by the staff, Executive Director or Board.

(5) Applicant--A person who has submitted to the Department an Application for Department funds or other assistance.

(6) Application--The written request for Department funds or other assistance in the format required by the Department including any exhibits or other supporting material.

(7) Award--Any grant, commitment, or loan provided by the Department.

(8) Board--The Governing Board of the Texas Department of Housing and Community Affairs.

(9) Commitment--A fully executed document that commits the Department to funding or other activity related to a program administered by the Department.

(10) Contract--The executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.

(11) Department--The Texas Department of Housing and Community Affairs.

(12) Executed Form Documents--documents that are signed by the Department at the Request of any Administrator, Applicant, Person or Related Party.

(13) Executive Director--The administrative head of the Department as defined under Texas Government Code §§2306.036 and/or 2306.038.

(14) Loan Documents--An agreement between the Department and a Person regarding the terms and conditions of a loan provided to the Person from the Department.

(15) LURA--A Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with the responsible recording authority.

(16) Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(17) Request—action initiated by voluntarily seeking Department Action regardless of whether it is part of a statutory requirement (application cycle, etc.) or an action to alter a previous Action taken by the Department. Ongoing requirements such as compliance with reporting functions are not considered to be a voluntary function.

(a) The Department will not take Action on any Request involving Applications, Amendments, Awards, Appeals, Contracts, Commitment, Executed Form Documents, Loan Documents, or LURAs unless all funds owed to the Department are current by any Administrator, Applicant, Person or Related Party involved in any relationship between the requestor and the Department. The non-current account need not be directly related to the Request.

(b) Once the Department notifies an Administrator, Applicant, Person or Related Party that they are subject to this section, if no corrective action has been taken by the Administrator, Applicant, Person or Related Party, the Executive Director, may, after seven (7) days, deny the requested action for failure to comply with this section.

(c) When time of submission is a factor in the Action requested, the Action requested will not be considered submitted until this parameters of this section are met.

(d) An appeal of any decision under this section may be appealed in accordance with §1.7 of this Subchapter.

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Request the approval of the draft Rules for the Energy Assistance Programs for Low-Income Individuals in accordance with Texas Government Code, Section 2306.097 to be released for publication in the *Texas Register* in order to accept public comment.

Required Action

Approve, or approve with revisions, the proposed rules for publication in the *Texas Register* for public comment in accordance with Chapter 2001, TEX. GOV. CODE.

Background

The Texas Department of Housing and Community Affairs (the Department) Energy Assistance Section administers two different programs addressing the energy needs of low-income persons: Weatherization Assistance Program (WAP), which provides cost effective weatherization measures to improve the energy efficiency of eligible client households; and the Comprehensive Energy Assistance Program (CEAP), which provides utility assistance to eligible client households.

The proposed rules are written in Chapter 6 within three separate subchapters that are divided by funding source and program. Subchapter A pertains to Department of Energy (DOE) WAP, subchapter B pertains to Low-Income Home Energy Assistance Program (LIHEAP) WAP funded through Health and Human Services (HHS), and subchapter C pertains to the CEAP program (funded through the LIHEAP award). The WAP program has two separate rules (Subchapter A & B) because of the two different funding sources, DOE and HHS, and the separate requirements of those funding sources. The final chapter (Subchapter C) contains the CEAP rules.

The WAP services (Subchapter A & B) are provided by a network of 34 subrecipient agencies (primarily Community Action Agencies) serving all 254 Texas counties. The CEAP services (Subchapter C) are provided by a network of 50 subrecipient agencies serving all 254 Texas counties.

Recommendation

Staff recommends board approval of the draft rules.

PROPOSED TEXAS ADMINISRATIVE CODE RULES:

Texas Administrative Code

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER # 6 ENERGY ASSISTANCE PROGRAMS

SUBCHAPTER A DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE PROGRAM (DOE-WAP)

§6.1 Definitions

As used in this part:
(a) CAA--Community Action Agency
(b) Children--households with dependents not exceeding 18 years of age
(c) Department (the)--the Texas Department of Housing and Community Affairs
(d) DOE--the United States Department of Energy.
(e) Dwelling Unit--a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.
(f) EASY--the Department of Energy approved audit software used to determine the cost effectiveness of weatherization measures to be installed on a dwelling unit.
(g) Elderly Person--a person who is 60 years of age or older.
(h) Electric base-load measure--weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
(i) Families with young children--a family unit that includes a child not exceeding 6 years of age.
(j) High energy burden--is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
(k) High energy consumption--the household energy consumption exceeding the data collected from the State Data Center and updated each year.
(l) Household--all persons living together in a dwelling unit.
(m) Local units of Government--city, county, or council of governments.
(n) Low Income--that income in relation to family size which:
(1) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(2) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or
(3) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(o) Multifamily Dwelling Unit--a structure containing more than one dwelling unit.
(p) Persons with Disabilities--any individual who is:
(1) a handicapped individual as defined in section 7(6) of the Rehabilitation Act of 1973,
(2) under a disability as defined in section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or
(3) receiving benefits under chapter 11 or 15 of title 38, U.S.C.
(q) Rental Unit--a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.
(r) Single-Family Dwelling Unit--a structure containing no more than one dwelling unit.
(s) State--the State of Texas

(t) Subrecipient--an entity managing a weatherization project which receives a grant of funds awarded
(u) 10 CFR 440--the Code of Federal Regulation describing the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.
(v) WAP--Weatherization Assistance Program
(w) Weatherization Material--the material listed in Appendix A of 10 CFR 440.
(x) Weatherization Project--a project conducted in a single geographical area which undertakes to weatherize dwelling units that are energy inefficient.

§6.2 Program Overview

(a) The Energy Assistance Programs are referred to as the Energy Services Program for Low-Income Individuals in accordance with Texas Government Code, Section 2306.097. The Department of Energy Weatherization Assistance Program (DOE-WAP) is funded through the U.S. Department of Energy Weatherization Assistance Program for Low Income Persons grant. DOE-WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.
(b) The program funds the installation of weatherization materials and provides energy conservation education. The program helps to control energy costs to ensure a healthy and safe living environment.
(c) The Department shall administer and implement the program in accordance with DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures.
(d) The Department retains 5 percent of the annual allocation to administer the program.

§6.3 Distribution of Funds Formula

(a) The Department distributes funds to subrecipients by an allocation formula.
(b) This funding formula was developed with input from subrecipients. This formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.

(2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.

(3) County Inverse Poverty Household Density Factor is defined as:

(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County), and

(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.

(4) County Median Income Variance Factor is defined as:

(A) State Median Income minus the County Median Income (equals County Variance), and

(B) County Variance divided by sum of the State County Variances.

(5) County Weather Factor is defined as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather), and

(B) County Weather divided by the total sum of the State County Weather.

(c) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

(1) County Non-elderly Poverty Household Factor (0.40) plus

(2) County Elderly Poverty Household Factor (0.40) plus

(3) County Inverse Poverty Household Density Factor (0.05) plus;

(4) County Median Income Variance Factor (0.05) plus;

(5) County Weather Factor (0.10)

(6) Total sum of 1 through 5 multiplied by total funds allocation equals the County's allocation of funds.

(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

(d) Periodically, the Department must shift resources from low-demand regions to high-demand regions of the state. During the sixth month of the program year, the Department will conduct an in-house performance review of all subrecipients. The performance review will include individual subrecipient expenditure rate and households served as specified in the contract of each subrecipient. Based on the review, the Department may deobligate funds from low performing subrecipients and award the funds to high performing subrecipients. Additional DOE funds received during a program year, beyond the regular grant allocation, may be allocated to subrecipients based upon documented need.

(e) The Department is permitted by 10 CFR §440.18, to obligate an additional five (5) percent of DOE-WAP administrative funds to subrecipient DOE-WAP budgets less than $350,000. In addition to the DOE funds, the Department utilizes Low Income Home Energy Assistance Program (LIHEAP) funds to provide weatherization services. The Department offsets the funds between DOE and LIHEAP budget awards to allow each subrecipient to receive the maximum allowable administrative funds. Using the distribution formula, the Department makes the corresponding adjustments between the DOE and LIHEAP subrecipient budgets to insure the distribution of funds is appropriately distributed by formula.

§6.4 Subrecipient Eligibility

(a) Pursuant to DOE 10 CFR §440.15, the Department shall ensure that:
(1) Each subrecipient is a CAA or other public or nonprofit entity;
(2) Each subrecipient is selected on the basis of public comment received during a public hearing conducted pursuant to Section 440.14(a) and other appropriate findings regarding:
(A) The subrecipient 's experience and performance in weatherization or housing renovation activities;
(B) The subrecipient 's experience in assisting low-income persons in the area to be served; and
(C) The subrecipient 's capacity to undertake a timely and effective weatherization program.
(3) In selecting a subrecipient, preference is given to any CAA or other public or nonprofit entity which has, or is currently administering, an effective program under this part or under title II of the Economic Opportunity Act of 1964, with program effectiveness evaluated by consideration of factors including, but not necessarily limited to, the following:
(A) The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;
(B) The quality of work performed by the subrecipient;
(C) The number, qualifications, and experience of the staff members of the subrecipient; and
(D) The ability of the subrecipient to secure volunteers, training participants, public service employment workers, and other Federal or State training programs.
(b) The Department shall ensure that the funds received under this part will be allocated to the entities selected in accordance with paragraph (a) of this section, such that funds will be allocated to areas on the basis of the relative need for a weatherization project by low-income persons.
(c) If the Department finds that a subrecipient selected to undertake weatherization activities under this part has failed to comply substantially with the provisions of the Act or this part and should be replaced, such finding shall be treated as a finding under Section 440.30(i) for purposes of '440.30.
(d) Any new or additional subrecipient shall be selected at a hearing in accordance with Section 440.14(a) and upon the basis of the criteria in paragraph (a) of this section.

(e) A State may terminate financial assistance under a subgrant agreement for a grant period only in accordance with established State procedures that provide to the subrecipient appropriate notice of the State's reasons for termination and afford the subrecipient an adequate opportunity to be heard.
(f) The Department administers the program through subrecipients in accordance with 10 CFR §440.15 and State rules. If subrecipients comply with the requirements of the the program, the Department may offer to renew the contract.

§6.5 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria

(a) The subrecipients shall establish the client eligibility level at no less than 125% of the federal poverty level in effect at the time the client makes an application for services.
(b) The subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are considered to be as follows:
(1) Households with high energy burden. The energy burden is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
(2) Households with high energy consumption as determined by using data collected from the State Data Center and updated each year.
(c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units as referenced in §6.6.
(d) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.
(e) Subrecipients shall calculate annual income using, at a minimum, applicant's income from the previous 30 day period. In the case of migrant or seasonal workers, a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.
(f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as

applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.

(g) Subrecipient shall determine income eligibility.

(1) The following list contains the types of income that are included as income in the definition of income for the purpose of determining the total household income:

(A) Temporary Assistance for Needy Families (TANF);

(B) money, wages and salaries before any deductions;

(C) net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);

(D) regular payments from social security;

(E) railroad retirement;

(F) unemployment compensation;

(G) strike benefits from union funds;

(H) worker's compensation;

(I) veteran's payments;

(J) training stipends;

(K) alimony;

(L) military family allotments;

(M) private pensions;

(N) government employee pensions (including military retirement pay);

(O) regular insurance or annuity payments; and

(P) dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) The following is a list that contains the types of income that are excluded from the definition of income:

(A) Social Security Disability Insurance (SSDI) payments;

(B) Supplemental Security Income (SSI) payments;

(C) capital gains; any assets drawn down as withdrawals from a bank;

(D) the sale of property, a house, or a car;

(E) one-time payments from a welfare agency to a family or person who is in temporary financial difficulty;

(F) tax refunds, gifts, loans, and lump-sum inheritances;

(G) one-time insurance payments, or compensation for injury;

(H) non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;

(I) food or housing received in lieu of wages;

(J) the value of food and fuel produced and consumed on farms;

(K) the imputed value of rent from owner-occupied non-farm or farm housing;

(L) federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;

(M) housing assistance and combat zone pay to the military;

(N) college scholarships, Pell and other grant sources, assistantships, fellowships and work study; and

(O) child support payments.

(h) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a current household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part 440.22.

§6.6 Eligibility for Multifamily Dwelling Units

(a) Dwelling units shall be eligible for weatherization assistance if it is occupied by a family unit which contains a household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part 440.22.

(b) The substantial investment of weatherization funds required to address multifamily units increases the need for additional quality assurance measures in the WAP. The Department has developed this section to ensure that funds used to weatherize multifamily dwelling units are expended within the scope of established State and Federal guidelines. This section addresses weatherization of multifamily buildings containing more than four but less than 25 dwelling units. Approvals are not required for buildings containing twenty-four dwelling units or less that contain shared central heating and/or cooling systems that use compressed air as a coolant.

(c) DOE approved the use of Energy Audit System (EASY) for use in single family, mobile home, and multifamily buildings with fewer than twenty-five dwelling units. The approval does not cover large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant). DOE defines a building as a group of dwellings under the same roof.

(d) In order to weatherize large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of dwelling units, subrecipients shall submit in writing a request for approval from the Department. In turn, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures in this type of structure.

(e) In order to weatherize shelters, subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures.

(f) If roof replacement is to be considered as part of repair cost under the weatherization process, the expenses must be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground story units must be allocated a portion of the roof cost as well as the eligible top story units. All

weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(c)(9),(15) and Appendix A – Standards for Weatherization Materials, and meet a savings-to-investment ratio of one or greater on the EASY Audit. DOE specifically addresses the eligibility of multifamily units in 10 CFR §440.22 (a)-(d).
(g) WAP subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex weatherized. The multifamily master file must include, at a minimum, the following forms:

(1) Multifamily Pre Project Checklist Form;
(2) Multifamily Post Project Checklist Form;
(3) Permission to Perform An Assessment for Multifamily Project Form;
(4) Landlord Agreement Form;
(5) Landlord Financial Participation Form; and
(6) Significant Data Required in all Multifamily Project

§6.7 Contract Expiration, Termination, and Nonrenewal

(a) If available, DOE-WAP grant funds shall be expended in a timely and effective manner, and services provided must be effective and in full compliance with federal and state requirements.
(b) The Department may continue to administer the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with 10 CFR §440.15 and state regulations through contract renewal.
(c) If a subrecipient does not comply with the program requirements, the Department may terminate a contract, in whole or in part, in accordance with 10 CFR §440.15, before the expiration date if:
(1) The Department and the subrecipient mutually agree to terminate the contract;
(2) Either the Department or the subrecipient provides the other party 30 days written notice that the notifying party intends to terminate the contract;
(3) Federal or state laws are changed to reduce or terminate the program;
(4) The subrecipient ceases to operate the program without the Department's approval; or
(5) The subrecipient does not comply with the terms of the contract or the negotiated service improvement agreement.
(d) Failure to submit an annual financial and compliance audit, in accordance with the Single Audit Act Amendments of 1996 in a timely manner, shall result in immediate suspension of payments to the subrecipient and may result in termination and/or nonrenewal of contracts.
(e) Failure to implement proper compliance with materials requirements and the correct installation of materials shall result in contract termination.
(f) The Department shall send the subrecipient a written notice when a contract is terminated. The subrecipient has the right to appeal this action within 15 days of receiving the notice.

(g) Subrecipient shall not be relieved of any liability for damages due to the Department by virtue of any prior or future breach of their contract.
(h) Financial audits resulting in unresolved disallowed costs, and/or unresolved reportable conditions shall result in termination or nonrenewal of contracts.
(i) The Department shall not be liable for any costs incurred by subrecipient after termination or during the suspension of their contract.
(j) Subrecipients shall follow the Department guidelines regarding the use of the approved energy audit and blower door technology.
(k) Subrecipients shall be required to incorporate and implement the Texas Weatherization Field Guide and the Texas Mechanical Systems Field Guide.

§6.8 Subrecipient Requirements for Appeals Process for Applicants

(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.
(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.
(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
(d) The subrecipient shall tape record the hearing.
(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
(i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.
(j) The Department may review the tape recording of the hearing, the committee's decision, and any other relevant information necessary.
(k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
(l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

§6.9 WAP Policy Advisory Council (WAP PAC)

(a) In accordance with Texas Government Code §2110.005, the Department shall establish a State policy advisory council, in accordance with 10 CFR §440.17and Texas Government Code, Chapter 2110, prior to the expenditure of any grant funds.
(b) The policy advisory council shall meet at least once a year to review the program plan and provide advice to the Department and meet as needed throughout the year to provide advice when it is requested.
(1) The WAP PAC may also meet as necessary in person, by telephone, or via electronic means to provide the Governing Board or Department guidance and advice with respect to the development and implementation of the weatherization assistance program and its activities; and
(2) The WAP PAC will cause minutes of any meetings or telephone conferences to be taken and forwarded to the Department or Governing Board.
(c) All meetings shall be held in accordance with Texas Government Code §551.

§6.10 Liability Insurance

(a) All subrecipient weatherization work shall be covered by liability insurance. Pollution Occurrence Insurance should be a part of, or an addendum to, general liability insurance. The Department includes funds in the subrecipient budgets for the subrecipients to purchase liability insurance and pollution occurrence insurance as required by DOE.
(b) Subrecipients shall review and maintain their existing policies at least as frequently as contracts are awarded, to ensure that they and their contractors have adequate insurance coverage for all units to be weatherized.

§6.11 Mold Work Practices

(a) The Department may provide Mold Work Practices training methodology to all subrecipients.
(b) The Department may provide Mold Work Practices to new subrecipient hires on an on-going basis.
(c) The subrecipients shall be responsible for providing the training to their weatherization contractors.

§6.12 Mold Conditions

(a) If the subrecipient's energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit shall be referred to the appropriate public agency for remedial action.
(b) The subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. They should also be informed of which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.

(c) If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the subrecipient shall notify the applicant of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

§6.13 Client Education

The subrecipients shall provide client education to each WAP client on energy conservation practices. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's training and technical assistance funds and the subrecipients' administrative funds.

§6.14 Adjusted Average Expenditure Per Dwelling Unit

Expenditures of financial assistance provided under DOE-WAP funding or other resources for the weatherization services for labor, weatherization materials, and related matters shall not exceed the adjusted average expenditure limit for the current program year per dwelling unit as provided by DOE, without special agreement via an approved waiver from the Department.

§6.15 Energy Audit Procedures

(a) The Department may set and modify as necessary the allowable Savings-o-Investment Ratio (SIR) for the energy audit procedures to determine the installation of allowable weatherization measures. The weatherization measures must result in energy cost savings over the lifetime of the measure(s), discounted to present value, that equal or exceed the cost of materials, and installation.
(b) The EASY Audit (EASY) has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units.
(c) EASY has not been approved for multi-family buildings containing 25 or more units. Since Texas subrecipients rarely propose to weatherize a building with 25 or more units, the Department will acquire a DOE approved energy audit for use in auditing multi-family buildings containing 25 or more units.

§6.16 Health and Safety

(a) Subrecipients shall provide weatherization services with the primary goal of the WAP is energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.
(b) It is the policy of the Department that if health and safety issues identified on an individual unit (which would be exacerbated by any weatherization work performed) cannot be abated within the allowable WAP limits, the unit shall be denied services.
(c) The Department has determined that repair/replacement windows that do not rank with a SIR of one or greater on the audit may be repaired/replaced, if deemed necessary. To be eligible for repair/replacement, broken window panes must pose a potential hazardous condition to the client and/or workers. Documentation for replacement must include a clear comprehensible photo showing the hazardous conditions to the occupants. Failure to provide a photo will result in disallowed costs. Slightly cracked window panes do not constitute a hazardous condition.
(d) The Department has determined that repair/replacement doors that do not rank with an SIR of one or greater on the audit, may be repaired/replaced, if deemed necessary. To be eligible for repair/replacement the doors must be unable to protect the client from outside elements or unwanted intruders. Documentation for replacement must include a clear comprehensible photo evidencing the hazardous conditions to the occupants. Documentation must be submitted to the assigned Department program officer for approval. The absence of deadbolt locks does not constitute a hazardous health and safety condition.

§6.17 Training and Technical Assistance Carryover Funds

(a) Training and technical assistance funds, allocation figure as provided by DOE, shall not be used to purchase vehicles or equipment for local agencies to perform weatherization services.
(b) Should unexpended training and technical assistance funds remain at the end of the program year, the Department may require these funds to be used to weatherize homes during the following year.
(c) If the Department determines these funds are needed for training and technical assistance, DOE can waive this provision if necessary. If this is the case, the Department will provide justification to DOE of the necessity to carryover these funds into the new program year and that they be included as a part of the new training and technical assistance budget.

§6.18 Electric Base Load Measures

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools.

§6.19 Payments to Contractors and Vendors

(a) A vendor agreement is required by the Department and implemented via the subrecipient, shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients.
(b) Subrecipient shall maintain proof of payment to contractors and vendors.

§6.20 State Contract Purchases

(a) Subrecipients shall comply with the Department rules and state procurement standards regarding competitive solicitation of bids for materials, labor, and equipment and shall adhere to guidelines for selection and award of subcontracts.
(b) Subrecipient shall develop and implement procurement procedures, which conform to the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards, 1 T.A.C. § 5.141 et seq.
(c) The State of Texas conducts competitive solicitations to identify equipment and material vendors to provide specified merchandise at discounted prices to State agencies and their contracted agents. Unless a local vendor is identified through a competitive solicitation that will provide equal or better materials and services at the same price or less, subrecipients shall purchase any equipment, materials, or services paid for with LIHEAP funds from a vendor participating in the Texas Building and Procurement Commission's Cooperative Purchasing Program.

§6.21 Subrecipient Reporting Requirements

(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month. This reporting is required.
(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report. This reporting is required.
(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with DOE-WAP funds.
(d) The subrecipient shall submit other reports, data, and information on the performance of the DOE-WAP program activities as required by DOE pursuant to 10 CFR §440.25 or by the Department.

SUBCHAPTER B LOW INCOME HOME ENERGY ASSISTANCE PROGRAM WEATHERIZATION ASSISTANCE PROGRAM (LIHEAP-WAP)

§6.101 Definitions

As used in this part:
(a) CAA--Community Action Agency
(b) Children--households with dependents not exceeding 18 years of age.
(c) Department (the)--the Department of Housing and Community Affairs
(d) DOE--the United States Department of Energy.
(e) Dwelling Unit--a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.
(f) EASY--the Department of Energy approved audit software used to determine the cost effectiveness of weatherization measures to be installed on a dwelling unit.
(g) Elderly Person--a person who is 60 years of age or older.
(h) Electric base-load measure--weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
(i) Energy Repairs--weatherization related repairs necessary to protect or complete regular weatherization energy efficiency measures.
(j) Families with young children--a family unit that includes a child not exceeding 6 years of age.

(k) High energy burden--is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
(l)High energy consumption--the household energy consumption exceeding the data collected from the State Data Center and updated each year.
(m) Household--all persons living together in a dwelling unit.
(n) Local unit of Government--city, county, or council of governments.
(o) Low Income--that income in relation to family size which:
(1) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(2) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or
(3) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(p) Multifamily Dwelling Unit--a structure containing more than one dwelling unit.
(q) Persons with Disabilities--any individual who is:
(1) a handicapped individual as defined in section 7(6) of the Rehabilitation Act of 1973,
(2) under a disability as defined in section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or
(3) receiving benefits under chapter 11 or 15 of title 38, U.S.C.
(r) Rental Unit--a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.
(s) Single-Family Dwelling Unit--a structure containing no more than one dwelling unit.
(t) State--the State of Texas.
(u) Subrecipient--an entity managing a weatherization project which receives a grant of funds awarded.
(v) 10 CFR 440--the Code of Federal Regulation describing the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.
(w) WAP--Weatherization Assistance Program
(x) Weatherization Material--the material listed in Appendix A of 10 CFR 440.
(y) Weatherization Project--a project conducted in a single geographical area which undertakes to weatherize dwelling units that are energy inefficient.

§6.102 Program Overview

(a) The Energy Assistance Programs are referred to as the Energy Services Program for Low-Income Individuals in accordance with Texas Government Code, Section 2306.097. The Low Income Home Energy Assistance Program Weatherization Assistance Program (LIHEAP-WAP) is funded through the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP) grant.

LIHEAP-WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.
(b) The program funds the installation of weatherization materials and provides energy conservation education. The program helps to control energy costs to ensure a healthy and safe living environment.
(c) The Department shall administer and implement the program in accordance with a combination of LIHEAP and DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures.
(d) The Department will reserve 15 percent of the federal LIHEAP grant award funds to administer the LIHEAP-WAP weatherization related activities. The state and local administrative costs associated with administering the weatherization program under LIHEAP shall not exceed 10 percent.
(e) The Department will reserve 75 percent of the federal LIHEAP grant award funds to implement the Comprehensive Energy Assistance Program (CEAP) activities.
(f) The Department retains a maximum of 10% of the federal LIHEAP grant award funds for subrecipients' and the Department's administrative funds for LIHEAP-WAP and CEAP.

§6.103 Distribution of Funds Formula

(a) The Department distributes funds to subrecipients by an allocation formula.
(b) This funding formula was developed with input from subrecipients. This formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:
(1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.
(2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.
(3) County Inverse Poverty Household Density Factor is defined as:
(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County), and

(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.

(4) County Median Income Variance Factor is defined as:

(A) State Median Income minus the County Median Income (equals County Variance), and

(B) County Variance divided by sum of the State County Variances.

(5) County Weather Factor is defined as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather), and

(B) County Weather divided by the total sum of the State County Weather.

(c) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

(1) County Non-elderly Poverty Household Factor (0.40) plus

(2) County Elderly Poverty Household Factor (0.40) plus

(3) County Inverse Poverty Household Density Factor (0.05) plus;

(4) County Median Income Variance Factor (0.05) plus;

(5) County Weather Factor (0.10)

(6) Total sum of 1 through 5 multiplied by total funds allocation equals the County's allocation of funds.

(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

(d) Periodically, the Department management must shift resources from low-demand regions to high-demand regions of the state. During the sixth month of the program year, the Department will conduct an in-house performance review of all subrecipients. The performance review will include individual subrecipient expenditure rate and households served as specified in the contract. Based on the review, the Department may deobligate funds from low performing subrecipients and award the funds to high performing subrecipients. Additional LIHEAP funds received during a program year, beyond the regular grant allocation, may be allocated to subrecipient based upon documented need.

(e) The Department is allowed, in accordance with 10 CFR §440.18, to provide an additional five (5) percent of U.S. Department of Energy (DOE) Weatherization Assistance Program (DOE-WAP) administrative funds for subrecipient DOE-WAP budgets less than $350,000. The Department offsets the funds between DOE and LIHEAP budget awards to allow each subrecipient to receive the maximum allowable administrative funds. The Department makes the corresponding adjustments between the DOE and LIHEAP subrecipient budgets to insure the distribution of funds is appropriately distributed by formula.

§6.104 Subrecipient Eligibility

(a) Pursuant to Low-Income Home Energy Assistance Act of 1981, the Department shall ensure that:
To the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--
(1) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and
(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.
(b) The Department administers the program through the existing subrecipients that have demonstrated that they are operating the program under the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981 as amended (42 U.S.C. §6861 et seq.), and in accordance with 10 CFR §440.15 and State rules. If subrecipients are successfully administering the program, the Department may offer to renew the contract.
(c) When the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if subrecipient fails to administer the program correctly, the Department reassigns the service area or a portion to another existing subrecipient or conducts solicitation or selection of a new subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981 and 10 CFR §440.15.

§6.105 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria

(a) The subrecipients shall establish the client eligibility level at no less than 125% of the federal poverty level in effect at the time the client makes an application for services.
(b) The subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are considered to be as follows:
(1) Households with high energy burden. The energy burden is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is categorized as high is defined by data gathered from the State Data

Center and updated each year. (2) Households with high energy consumption, as determined by using data collected from the State Data Center and updated each year.
(c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units as referenced in §6.106.
(d) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.
(e) Subrecipients shall calculate annual income using, at a minimum, applicant's income from the previous 30 day period. In the case of migrant or seasonal workers, a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.
(f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.
(g) Subrecipient shall determine income eligibility.

(1) The following list contains the types of income that are included as income in the definition of income for the purpose of determining the total household income:

(A) Temporary Assistance for Needy Families (TANF);

(B) money, wages and salaries before any deductions;

(C) net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);

(D) regular payments from social security;

(E) railroad retirement;

(F) unemployment compensation;

(G) strike benefits from union funds;

(H) worker's compensation;

(I) veteran's payments;

(J) training stipends;

(K) alimony;

(L) military family allotments;

(M) private pensions;

(N) government employee pensions (including military retirement pay);

(O) regular insurance or annuity payments; and

(P) dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) The following is a list that contains the types of income that are excluded from the definition of income:

(A) Social Security Disability Insurance (SSDI) payments;

(B) Supplemental Security Income (SSI) payments;

(C) capital gains; any assets drawn down as withdrawals from a bank;

(D) the sale of property, a house, or a car;

(E) one-time payments from a welfare agency to a family or person who is in temporary financial difficulty;

(F) tax refunds, gifts, loans, and lump-sum inheritances;

(G) one-time insurance payments, or compensation for injury;

(H) non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;

(I) food or housing received in lieu of wages;

(J) the value of food and fuel produced and consumed on farms;

(K) the imputed value of rent from owner-occupied non-farm or farm housing;

(L) federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;

(M) housing assistance and combat zone pay to the military;

(N) college scholarships, Pell and other grant sources, assistantships, fellowships and work study; and

(O) child support payments.

(h) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a current household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part 440.22.

§6.106 Eligibility for Multifamily Dwelling Units

(a) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part 440.22.

(b) The substantial investment of weatherization funds required to address multifamily units increases the need for additional quality assurance measures in the WAP. The Department has developed this section to ensure that funds used to weatherize multifamily dwelling units are expended within the scope of established State and Federal guidelines. This section addresses weatherization of multifamily buildings containing more than four (4) but less than 25 dwelling units. Approvals are not

required for buildings containing twenty-four dwelling units or less that contain shared central heating and/or cooling systems that use compressed air as a coolant.
(c) DOE approved the use of Energy Audit System (EASY) for use in single family, mobile home, and multifamily buildings with fewer than twenty-five dwelling units. The approval does not cover large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant). DOE defines a building as a group of dwellings under the same roof.
(d) In order to weatherize large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of dwelling units, subrecipients shall submit in writing a request for approval from the Department. In turn, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures.
(e) In order to weatherize shelters, subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures.
(f) Subrecipients are reminded that if roof replacement is to be considered as part of repair cost under the weatherization process, the expenses shall be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground story units must be allocated a portion of the roof cost as well as the eligible top story units. All weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(c)(9),(15) and Appendix A – Standards for Weatherization Materials, and meet a savings-to-investment ratio of one (1) or greater on the EASY Audit. DOE specifically addresses the eligibility of multifamily units in 10 CFR §440.22 (a)-(d).
(g) WAP subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex weatherized. The multifamily master file must include, at a minimum, the following forms:
(1) Multifamily Pre Project Checklist Form;
(2) Multifamily Post Project Checklist Form;
(3) Permission to Perform An Assessment for Multifamily Project Form;
(4) Landlord Agreement Form;
(5) Landlord Financial Participation Form;
(6) Significant Data Required in all Multifamily Project

§6.107 Contract Expiration, Termination, and Nonrenewal

(a) If available, LIHEAP-WAP grant funds shall be expended in a timely and effective manner, and services provided must be effective and in full compliance with federal and state requirements.
(b) The Department may continue to administer the program through the existing subrecipients that have demonstrated that they are operating the program in accordance

with the Low-Income Home Energy Assistance Act of 1981, 10 CFR §440.15, and state regulations through contract renewal.
(c) If a subrecipient does not comply with the program requirements, the Department may terminate a contract, in whole or in part, in accordance with the Low-Income Home Energy Assistance Act of 1981, 10 CFR §440.15, before the expiration date if:
(1) The Department and the subrecipient mutually agree to terminate the contract;
(2) Either the Department or the subrecipient provides the other party 30 days written notice that the notifying party intends to terminate the contract;
(3) Federal or state laws are changed to reduce or terminate the program;
(4) The subrecipient ceases to operate the program without the Department's approval; or
(5) The subrecipient does not comply with the terms of the contract or the negotiated service improvement agreement.
(d) Failure to submit an annual financial and compliance audit, in accordance with the Single Audit Act Amendments of 1996 in a timely manner, shall result in immediate suspension of payments to the subrecipient and may result in termination and/or nonrenewal of contracts.
(e) Failure to implement proper compliance with materials requirements and the correct installation of materials shall result in contract termination.
(f) The Department shall send the subrecipient a written notice when a contract is terminated. The subrecipient has the right to appeal this action within 15 days of receiving the notice.
(g) Subrecipient shall not be relieved of any liability for damages due to the Department by virtue of any prior or future breach of their contract.
(h) Financial audits resulting in unresolved disallowed costs, and/or unresolved reportable conditions shall result in termination or nonrenewal of contracts.
(i) The Department shall not be liable for any costs incurred by subrecipient after termination or during the suspension of their contract.
(j) Subrecipients shall follow TDHCA guidelines regarding the use of the approved energy audit and blower door technology.
(k) Subrecipients shall be required to incorporate and implement the Texas Weatherization Field Guide and the Texas Mechanical Systems Field Guide standards as required by program policy.

§6.108 Subrecipient Requirements for Appeals Process for Applicants

(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.
(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
(d) The subrecipient shall tape record the hearing.
(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
(i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.
(j) The Department may review the tape recording of the hearing, the committee's decision, and any other relevant information necessary.
(k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
(l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

§6.109 Liability Insurance

(a) All subrecipient weatherization work shall be covered by liability insurance through DOE-WAP funds. Pollution Occurrence Insurance should be a part of, or an addendum to, general liability insurance. The Department includes funds in the DOE-WAP subrecipient budgets for the subrecipients to purchase liability insurance and pollution occurrence insurance as required for all units to be weatherized, including LIHEAP-WAP units.
(b) Subrecipients shall review and maintain their existing policies at least as frequently as contracts are awarded, to ensure that they and their contractors have adequate insurance coverage for all units to be weatherized.

§6.110 Mold Work Practices

(a) The Department may provide Mold Work Practices training methodology to all subrecipients.
(b) The Department may provide Mold Work Practices to new subrecipient hires on an on-going basis.
(c) The subrecipients shall be responsible for providing the training to their weatherization contractors.

§6.111 Mold Conditions

(a) If the subrecipient's energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit shall be referred to the appropriate public agency for remedial action.
(b) The subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. They should also be informed of which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.
(c) If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the subrecipient shall notify the applicant of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

§6.112 Client Education

The subrecipients shall provide client education to each WAP client on energy conservation practices. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's and the subrecipients' administrative funds.

§6.113 Allowable Expenditure Per Dwelling Unit

Expenditures of financial assistance provided under DOE-WAP funding or other resources for the weatherization services for labor, weatherization materials, and related matters shall not exceed the allowable figure as set forth in the annual LIHEAP State Plan. The current allowable amount is set at $4,000 per dwelling unit.

§6.114 Energy Audit Procedures

(a) The Department may set and modify as necessary the allowable savings-to-investment ratio (SIR) for the energy audit procedures to determine the allowable weatherization measures.
(b) The EASY Audit (EASY) has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units.
(c) EASY has not been approved for multi-family buildings containing 25 or more units. Since Texas subrecipients rarely propose to weatherize a building with 25 or more units, the Department will acquire a DOE approved energy audit for use in auditing multi-family buildings containing 25 or more units.

(d) The Department may change its blower door requirements in order to gain higher savings.

§6.115 Energy Repairs

(a) WAP will provide weatherization energy efficiency and weatherization repair related activities to eligible clients. The list of allowable LIHEAP-WAP weatherization energy related repairs which may be undertaken when necessary to protect and complete regular energy efficiency weatherization measures include:
(1) roof, wall, and floor repair (excluding leveling);
(2) repair or replacement of essential electrical wiring;
(3) solar screens and window film (must be installed in the order of west, east, and south);
(4) replacement of refrigerators 1993 or older or metered to have an SIR of 1 or greater on the Department refrigerator tool;
(5) mobile home skirting to protect belly insulation;
(6) overhangs to protect mobile home doors; and
(7) carpentry work to protect outside water heater from the elements.

§6.116 Health and Safety

(a) Subrecipients shall provide weatherization services with the primary goal of the WAP is energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.
(b) It is the policy of the Department that if health and safety issues identified on an individual unit (which would be exacerbated by any weatherization work performed) cannot be abated within the allowable WAP limits, the unit shall be denied services.
(c) The Department has determined that repair/replacement windows that do not rank with a SIR of one or greater on the audit may be repaired/replaced, if deemed as a necessary. To be eligible for repair/replacement, broken window panes must pose a potential hazardous condition to the client and/or workers. Documentation for replacement must include a clear comprehensible photo showing the hazardous conditions to the occupants. Failure to provide a photo will result in disallowed costs. Slightly cracked window panes do not constitute a hazardous condition.
(d) The Department has determined that repair/replacement doors that do not rank with an SIR of one or greater on the audit, may be repaired/replaced, if deemed as a necessary. To be eligible for repair/replacement the doors must be unable to protect the client from outside elements or unwanted intruders. Documentation for replacement must include a clear comprehensible photo evidencing the hazardous conditions to the occupants. Documentation must be submitted to the assigned the Department program officer for approval. The absence of deadbolt locks does not constitute a hazardous health and safety condition.

§6.117 Electric Base Load Measures

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. EBL measures will be allowable under the LIHEAP-WAP program. The EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools.

§6.118 Payments to Contractors and Vendors

(a) A vendor agreement is required by the Department and implemented via the subrecipient, shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients.
(b) Subrecipient shall maintain proof of payment to contractors and vendors.

§6.119 State Contract Purchases

(a) Subrecipients shall comply with the Department rules and state procurement standards regarding competitive solicitation of bids for materials, labor, and equipment and shall adhere to guidelines for selection and award of subcontracts.
(b) Subrecipient shall develop and implement procurement procedures, which conform to the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards, 1 T.A.C. § 5.141 et seq.
(c) The State of Texas conducts competitive solicitations to identify equipment and material vendors to provide specified merchandise at discounted prices to State agencies and their contracted agents. Unless a local vendor is identified through a competitive solicitation that will provide equal or better materials and services at the same price or less, subrecipients shall purchase any equipment, materials, or services paid for with LIHEAP funds from a vendor participating in the Texas Building and Procurement Commission's Cooperative Purchasing Program.

§6.120 Outreach and Accessibility

(a) The Department may continue to develop interagency collaborations with other low-income program offices and energy providers to perform outreach to targeted groups.
(b) Subrecipients shall conduct outreach activities.
(c) Subrecipients and their field offices shall accept applications at sites that are geographically accessible to all households requesting assistance.
(d) Other outreach activities may include:
 (1) providing information through home visits, site visits, group meetings, or by telephone for disabled low-income persons;

(2) distributing posters/flyers and other informational materials at local and county social service agencies, offices of aging, social security offices, etc.;
(3) providing information on the program and eligibility criteria in articles in local newspapers or broadcast media announcements;
(4) coordinating with other low-income services to provide LIHEAP information in conjunction with other programs;
(5) providing information on one-to-one basis for applicants in need of translation or interpretation assistance;
(6) providing LIHEAP applications, forms, and energy education materials in English and/or Spanish (or other appropriate language);
(7) working with energy vendors in identifying potential applicants;
(8) assisting applicants to gather needed documentation; and,
(9) mailing information and applications.

§6.121 Subrecipient Reporting Requirements

(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month. This reporting is required.
(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report. This reporting is required.
(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with LIHEAP-WAP funds.
(d) The subrecipient shall submit other reports, data, and information on the performance of the LIHEAP-WAP program activities as required by the Department.

SUBCHAPTER C COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP)

§6.201 Definitions

As used in this title:
(a) CAA--Community Action Agency
(b) Children--households with dependents not exceeding 18 years of age.
(c) Cooling--modifications including but not limited to the repair or replacement of air conditioning units, evaporative coolers, and refrigerators.
(d) Dwelling Unit--a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.
(e) Disabled Person--any individual who is:
(1) a handicapped individual as defined in section 7(6) of the Rehabilitation Act of 1973,
(2) under a disability as defined in section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or
(3) receiving benefits under chapter 11 or 15 of title 38, U.S.C.
(f) Emergency--consists of the following:
(1) natural disaster;
(2) a significant increase in the cost of home energy, as determined by the Secretary;
(3) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;
(4) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;
(5) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or
(6) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.
(g) Elderly Person--a person who is 60 years of age or older.
(h) Energy Crisis--weather-related and supply shortage emergencies and other household energy-related emergencies.

(i) Energy Education--the process whereby individuals and households learn the choices to use energy efficiently, improve their indoor comfort, and become aware of how their behavior affects energy consumption, energy cost, and health and safety within their homes.
(j) Families with young children--a family unit that includes a child not exceeding 6 years of age.
(k) Heating--modifications including but not limited to the repair or replacement of gas and electric furnaces, wall furnaces, gas space heaters, and propane tanks including accessories.
(l) Highest home energy needs--the home energy requirements of a household determined by taking into account both the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children, individuals with disabilities, and frail older individuals.
(m) High energy burden--is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
(n) High energy consumption--the household energy consumption exceeding the data collected from the State Data Center and updated each year.
(o) Household--any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy.
(p) Home Energy--a source of heating or cooling in residential dwellings.
(q) Natural Disaster--a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.
(r) Local units of Government--city, county, or council of governments.
(s) Low Income--that income in relation to family size which:
(1) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(2) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or
(3) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
(t) Multifamily Dwelling Unit--a structure containing more than one dwelling unit.
(u) Needs Assessment--activities involving identifying, gathering, comparing and evaluating information and data about a client household or a community in order to determine the type and nature of the problems involved, the capacities and resources of the client households or community, and the services needed to assist the households and community.
(v) Outreach--the method that attempts to identify clients who are in need of services, alerts these clients to service provisions and benefits, and helps them use the services that are available. It actively strives to locate, contact and engage potential clients.

(w) Referral--linking a client household with an agency, program, or professional person that can and will provide the service needed by the client.
(x) Renter--a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.
(y) Secretary--the Secretary of Health and Human Services.
(z) State--the State of Texas
(aa) Subrecipient--an entity which receives a Comprehensive Energy Assistance Program grant of funds awarded.
(bb) Targeting--focusing assistance to households with the highest home energy needs.
(cc) Vendor Agreement--and agreement between the Subrecipient and the local energy vendor that contains assurance as to fair billing practices, delivery procedures, and pricing for business transactions involving LIHEAP recipients.
(dd) WAP--Weatherization Assistance Program

§6.202 Program Overview

(a) The Energy Assistance Programs are referred to as the Energy Services Program for Low-Income Individuals in accordance with Texas Government Code, Section 2306.097. The Comprehensive Energy Assistance Program (CEAP) is funded through the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP) grant. CEAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption.
(b) The Comprehensive Energy Assistance Program (CEAP) combines activities, as defined in Assurance 16 (The State agrees to use up to five percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.) in the LIHEAP Statute [42 U.S.C. §8624 (b)(16)]; education; and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. Services include utility payment assistance; heating and cooling system replacement; repair and retrofit; energy education; and budget counseling as it pertains to energy needs.
(c) Due to diverse weather conditions in Texas, each local subrecipient will determine the key months for heating and/or cooling assistance to the household based on the household's energy consumption. For purposes of comparing federal to state activity categories, the Texas CEAP components reflect LIHEAP categories of heating and cooling. The months of December – February count for heating assistance, while March – November count for cooling assistance.
(d) The crisis assistance component will remain a year-round program. A portion of the crisis assistance funds will be reserved by the State for later distribution to ensure

adequate crisis assistance after March 15. Crisis funds not used during the winter months for energy crisis will be made available to local agencies to start crisis operation for the summer months.
(e) The Department will reserve 15 percent of the federal LIHEAP grant award funds to implement the LIHEAP-Weatherization Assistance Program (LIHEAP-WAP) activities.
(f) The Department retains a maximum of 10% of the federal LIHEAP grant award funds for subrecipients' and the Department's administrative funds for CEAP and LIHEAP-WAP.

§6.203 Distribution of Funds Formula

(a) The Department distributes funds to subrecipients by an allocation formula.
(b) This funding formula was developed with input from subrecipients. This formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:
(1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.
(2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.
(3) County Inverse Poverty Household Density Factor is defined as:
(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County), and
(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.
(4) County Median Income Variance Factor is defined as:
(A) State Median Income minus the County Median Income (equals County Variance), and
(B) County Variance divided by sum of the State County Variances.
(5) County Weather Factor is defined as:
(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather), and
(B) County Weather divided by the total sum of the State County Weather.
(c) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an

inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

(1) County Non-elderly Poverty Household Factor (0.40) plus

(2) County Elderly Poverty Household Factor (0.40) plus

(3) County Inverse Poverty Household Density Factor (0.05) plus;

(4) County Median Income Variance Factor (0.05) plus;

(5) County Weather Factor (0.10)

(6) Total sum of 1 through 5 multiplied by total funds allocation equals the County's allocation of funds.

(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

(d) Periodically, the Department management must shift resources from low-demand regions to high-demand regions of the state. During the sixth month of the program year, the Department will conduct an in-house performance review of all subrecipients. The performance review will include individual subrecipient expenditure rate and households served by program component, as specified in the Service Delivery Plan and contract. Based on the review, the Department may deobligate funds from low performing subrecipients and award the funds to high performing subrecipients. Additional LIHEAP funds received during a program year, beyond the regular grant allocation, may be allocated to subrecipient based upon documented need.

§6.204 Subrecipient Eligibility

(a) Pursuant to Low-Income Home Energy Assistance Act of 1981, the Department shall ensure that:

To the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(1) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

(b) The Department administers the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981 as amended (42 U.S.C. §8621 et seq.), and State rules. If subrecipients are

successfully administering the program, the Department may offer to renew the contract.
(c) When the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if subrecipient fails to administer the program correctly, the Department reassigns the service area or a portion to another existing subrecipient or conducts solicitation or selection of a new subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981.

§6.205 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria

(a) The subrecipients shall establish the client eligibility level at no less than 125% of the federal poverty level in effect at the time the client makes an application for services.
(b) The subrecipients shall establish priorities criteria to serve persons in households who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are considered to be as follows:
(1) Households with high energy burden (greater than 11.08% of household income). When data becomes available from the State Data Center this percentage figure will be updated. Energy burden is figured by dividing home energy costs by gross income.
(2) Households with high energy consumption (greater than $1,028 per year). When data becomes available from the State Data Center this figure will be updated. The households' annual home energy consumption is calculated and the ones that exceed $1,028 are counted as high energy consumption households.
(c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units.
(d) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.
(e) Subrecipients shall calculate annual income using, at a minimum, applicant's income from the previous 30 day period. In the case of migrant or seasonal workers, a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.
(f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as

applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.

(g) Subrecipient shall determine income eligibility.

(1) The following list contains the types of income that are included as income in the definition of income for the purpose of determining the total household income:

(A) Temporary Assistance for Needy Families (TANF);

(B) money, wages and salaries before any deductions;

(C) net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);

(D) regular payments from social security;

(E) railroad retirement;

(F) unemployment compensation;

(G) strike benefits from union funds;

(H) worker's compensation;

(I) veteran's payments;

(J) training stipends;

(K) alimony;

(L) military family allotments;

(M) private pensions;

(N) government employee pensions (including military retirement pay);

(O) regular insurance or annuity payments; and

(P) dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) The following is a list that contains the types of income that are excluded from the definition of income:

(A) Social Security Disability Insurance (SSDI) payments;

(B) Supplemental Security Income (SSI) payments;

(C) capital gains; any assets drawn down as withdrawals from a bank;

(D) the sale of property, a house, or a car;

(E) one-time payments from a welfare agency to a family or person who is in temporary financial difficulty;

(F) tax refunds, gifts, loans, and lump-sum inheritances;

(G) one-time insurance payments, or compensation for injury;

(H) non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;

(I) food or housing received in lieu of wages;

(J) the value of food and fuel produced and consumed on farms;

(K) the imputed value of rent from owner-occupied non-farm or farm housing;

(L) federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;

(M) housing assistance and combat zone pay to the military;

(N) college scholarships, Pell and other grant sources, assistantships, fellowships and work study; and

(O) child support payments.

(h) Homeowners and renters will be treated equitably under all programs funded in whole or in part from LIHEAP funds. For those renters who pay heating and/or cooling bills as part of their rent, the subrecipient shall make special efforts to determine the portion of the rent that constitutes the fuel heating and/or cooling payment. If "sub metering" is not available, the subrecipient shall exercise care when negotiating with the landlords so the cost of utilities quoted is in line with the consumption for similar residents of the community. If the subrecipient pays the landlord, then the landlord shall furnish evidence that he/she has paid the bill and the amount of assistance must be deducted from the rent, if the utility payment is not stated separately from the rent. An agreement stating the terms of the payment negotiations must be signed by the landlord.

§6.206 Contract Expiration, Termination, and Nonrenewal

(a) If available, CEAP grant funds shall be expended in a timely and effective manner, and services provided must be effective and in full compliance with federal and state requirements.

(b) The Department may continue to administer the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with the Low-Income Home Energy Assistance Act of 1981, 10 CFR §440.15, and state regulations through contract renewal.

(c) If a subrecipient does not comply with the program requirements, the Department may terminate a contract, in whole or in part, in accordance with the Low-Income Home Energy Assistance Act of 1981 and 10 CFR §440.15, before the expiration date if:

(1) The Department and the subrecipient mutually agree to terminate the contract;

(2) Either the Department or the subrecipient provides the other party 30 days written notice that the notifying party intends to terminate the contract;

(3) Federal or state laws are changed to reduce or terminate the program;

(4) The subrecipient ceases to operate the program without the Department's approval; or

(5) The subrecipient does not comply with the terms of the contract or the negotiated service improvement agreement.

(d) Failure to submit an annual financial and compliance audit, in accordance with the Single Audit Act Amendments of 1996 in a timely manner, shall result in immediate suspension of payments to the subrecipient and may result in termination and/or nonrenewal of contracts.

(e) Failure to implement proper compliance with materials requirements and the correct installation of materials shall result in contract termination.

(f) The Department shall send the subrecipient a written notice when a contract is terminated. The subrecipient has the right to appeal this action within 15 days of receiving the notice.

(g) Subrecipient shall not be relieved of any liability for damages due to the Department by virtue of any prior or future breach of their contract.

(h) Financial audits resulting in unresolved disallowed costs, and/or unresolved reportable conditions shall result in termination or nonrenewal of contracts.
(i) The Department shall not be liable for any costs incurred by subrecipient after termination or during the suspension of their contract.

§6.207 Subrecipient Requirements for Appeals Process for Applicants

(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.
(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.
(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
(d) The subrecipient shall tape record the hearing.
(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
(i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.
(j) The Department may review the tape recording of the hearing, the committee's decision, and any other relevant information necessary.
(k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
(l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

§6.208 Types of Assistance Available and Benefit Levels

(a) Subrecipients shall not discourage anyone from applying for CEAP assistance. Subrecipients shall provide all potential clients with ample opportunity to apply for LIHEAP programs.
(b) CEAP provides assistance to targeted beneficiaries being households with low incomes at or below 125% of the Federal Poverty Level, with priority given to the elderly, persons with disabilities, families with young children; households with the

highest energy costs or needs in relation to income, and households with high energy consumption.

(c) CEAP combines activities, as defined in Assurance 16 in the LIHEAP Statute [42 U.S.C. §8624 (b)(16)]; education; and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. Services include utility payment assistance; heating and cooling system replacement, repair, and/or retrofit; energy education; and budget counseling. The Department requires subrecipients to expend a minimum of ten percent for each of the Energy Crisis Program, the Elderly and Disabled Assistance, and the Heating and Cooling System Replacement, Repair, and/or Retrofit Components. The Co-payment Component minimum expenditure is established by the subrecipient.

(d) Benefit sliding scale for all CEAP components:

(1)Benefit determinations are based on the household's income, the household size, the energy cost and/or the need of the household, and the availability of funds. Energy bills already paid by householders may not be reimbursed by the program. Subrecipients will calculate payments based on:

(A) a sliding scale benefit structure; and

(B) the highest consumption months remaining in the program year.

(2) To ensure that households with the lowest incomes and greatest needs receive the greatest amount of assistance to alleviate their energy needs (taking into account family size), energy assistance benefit determination will use the following sliding scale (Except Heating and Cooling System Replacement, Repair and/or Retrofit Component):

(A) Households With Incomes Of: 0 to 50% of Federal Poverty Guidelines are eligible for a maximum household benefit as follows household may receive an amount needed to address their energy payment shortfall not to exceed $1,200.

(B) Households With Incomes Of: 51% to 75% of Federal Poverty Guidelines are eligible for a maximum household benefit as follows household may receive an amount needed to address their energy payment shortfall not to exceed $1,100.

(C) Households With Incomes Of: 76% to 125% of Federal Poverty Guidelines are eligible for a maximum household benefit as follows household may receive an amount needed to address their energy payment shortfall not to exceed $1,000.

(3) The Heating and Cooling System Replacement, Repair, and/or Retrofit Component maximum household benefit limit is $4,000.

(e) Benefit Limits by Program Component - Depending upon client eligibility, some or all of the following benefits may apply:

(1) Co-Payment Component: minimum client service period, three months – unless client fails to meet the provisions of the client service agreement, which may result in an early termination from the program – but service period shall not exceed twelve months;

(A) First payment of co-payment plan may pay 100 percent of a utility bill -- including arrears – or an appropriate percentage determined by the subrecipient as detailed in the Service Delivery Plan;

(B) annual maximum household benefit $1,200

(2) Heating and Cooling Replacement, Repair, and/or Retrofit Component- Maximum annual household benefit $4,000

(3) Elderly and Disabled Assistance Component - Maximum annual household benefit $1,200
(4) Energy Crisis Program Component - Maximum annual household benefit $1,200
(5) Total maximum possible annual household benefit (all components) $7,600
(6) Subrecipient shall determine client eligibility for utility payments and/or retrofit based on the agency's household priority rating system and household's income as a percent of poverty.
(7)Subrecipient shall not establish lower local limits of assistance for any component.
(f) Subrecipients shall provide only the following types of assistance with funds from CEAP:
(1) Payment to vendors and suppliers of fuel/utilities, goods, and other services for past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items.
(2) Payment to vendors – only one energy bill payment per month as required by component.
(3) Needs assessment and energy conservation tips, coordination of resources, and referrals to other programs.
(4) Utility assistance to low-income elderly and disabled individuals most vulnerable to high cost of energy for heating and cooling needs of the residence.
(5) Replacement, repair and/or retrofit of household heating and cooling systems if needed. All replacement units must comply with minimum standards for energy efficiency and must result in energy savings for the client. Heating and cooling funds may pay for zoning off a room in which the client spends a majority of time at home, incidental to the above improvements, if necessary to conserve conditioned air. In order to use heating and cooling funds for a room zone off, the household must also be receiving a repair, replacement, or retrofit of a space heating or cooling unit.
(6) Assistance to a household during an energy-related crisis precipitated by extreme weather conditions and/or an energy supply shortage. A utility disconnection notice may qualify, if client demonstrates a history of good faith in paying prior utility bills.
(7) Payment of water bills only when such costs include expenses from operating an evaporative water cooler unit or when the water bill is an inseparable part of a utility bill. As a part of the intake process, outreach, and coordination, the subrecipient shall confirm that a client owns an operational evaporative cooler and has used it to cool the dwelling within sixty (60) days prior to application. Payment of other utility charges such as wastewater and waste removal are allowable only if these charges are an inseparable part of a utility bill. Whenever possible, subrecipient shall negotiate with the utility providers to pay only the "home energy" – heating and cooling -- portion of the bill.
(8) Purchase, lease, or repair of butane or propane tanks as well as the residential lines associated with the tanks or natural gas lines of the dwelling not to exceed the household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and or cooling the household.
(9) Purchase or repair of residential electric lines, not to exceed household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and cooling the household.

(10) Payment of reconnection fees in line with the registered tariff filed with the Public Utility Commission and/or Texas Railroad Commission. Payment cannot exceed that stated tariff cost. Subrecipient shall negotiate to reduce the costs to cover the actual labor and material and to ensure that the utility does not assess a penalty for delinquency in payments.
(11) Payment of security deposits only when state law requires such a payment, or if the Public Utility Commission or Texas Railroad Commission has listed such a payment as an approved cost, and where required by law, tariff, regulation, or a deferred payment agreement includes such a payment. Subrecipient shall not pay any such security deposit that the energy provider will eventually return to the client.
(12) While rates and repair charges may vary from vendor to vendor, subrecipient shall negotiate for the lowest possible payment. Prior to making any payments to an energy vendor a subrecipient shall have a signed vendor agreement on file from the energy vendor receiving direct LIHEAP payments from the subrecipient.
(13) Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent.
(14) In lieu of deposit required by an energy vendor, subrecipient may make advance payments. The Department does not allow LIHEAP expenditures to pay deposits, except as noted in number 11 (above). Advance payments may not exceed an estimated two months' billings.
(g) Funds for the Texas CEAP shall not be used to weatherize dwelling units, for medicine, food, transportation assistance (i.e., vehicle fuel), income assistance, or to pay for penalties or fines assessed to clients.
(h) The CEAP Energy Crisis Program Component consists of the following:
(1) A bona fide energy crisis exists when extraordinary events or situations resulting from extreme weather conditions and fuel supply shortages have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or very young children.
(2) A utility disconnection notice may constitute an energy crisis, if client demonstrates a history of good faith in paying prior utility bills. A utility disconnection notice may constitute an energy crisis, if brought about by sudden or unexpected events.
(3) Energy Crisis assistance for one household cannot exceed $1,200 in one year. Crisis assistance payments cannot exceed the minimum amount needed to resolve the crisis. If the client's crisis requires more than the household limit to resolve, it exceeds the scope of this program. If crisis exceeds the household limit, subrecipient may pay up to the household limit but the rest of the bill will have to be paid from other funds or the client to resolve the crisis. Payments may not exceed client's actual utility bill. The assistance must result in resolution of the crisis.
(4) Where necessary to prevent undue hardships from a qualified energy crisis, subrecipients may directly issue vouchers to provide:

(A) Temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances that inoperable heating/cooling appliances or supply of power to the dwelling is disrupted -- causing temporary evacuation of household members. Payments shall not be made for rent or mortgages.

(B) Emergency deliveries of fuel up to 100 gallons per crisis per household, at the prevailing price. This benefit may include coverage for safety precautions – up to the maximum household benefit.

(C) Purchase of portable heating/cooling units (portable electric heaters are allowable only as a last resort) not to exceed household benefit limit during the contract period. Portable air conditioning and heating units may be purchased only in situations that threaten the life of the client.

(i) Subrecipient shall meet local energy crisis criteria prior to purchasing portable units for clients.

(ii) Subrecipient shall maintain in the client file documentation of any special situation affecting client eligibility. For a client to qualify to receive a portable air conditioner or heater to protect life of household occupants, the subrecipient's client file must contain documentation from a medical professional, stating that a health condition of household occupant requires such climate control.

(iii) Portable heating/cooling units must meet or exceed Texas DOE WAP energy efficiency ratings and standards.

(5) Crisis funds, whether for emergency fuel deliveries, purchase of portable heating/cooling units, or temporary shelter, shall be considered part of the total maximum household allowable assistance.

(6) When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures for the following:

(A) Costs to temporarily shelter or house individuals in hotels, apartments or other living situations in which homes have been destroyed or damaged, i.e., placing people in settings to preserve health and safety and to move them away from the crisis situation

B) Costs for transportation (such as cars, shuttles, buses) to move individuals away from the crisis area to shelters, when health and safety is endangered by loss of access to heating or cooling

(C) Utility reconnection costs

(D) Repair or replacement costs for furnaces and air conditioners

(E) Insulation repair

(F) Coats and blankets, as tangible benefits to keep individuals warm

(G) Crisis payments for utilities and utility deposits

(H) Purchase of fans, air conditioners and generators

(7) Time Limits for Assistance - Subrecipients ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the energy crisis shall be provided within a 48 hour time limit (18 hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process.

(8) Subrecipients maintain written documentation in client files showing crises resolved within appropriate timeframes. The Department disallows improperly documented expenditures.

(i) The Heating and Cooling federal LIHEAP category includes all Texas CEAP components except Energy Crisis. The priority factors other than income eligibility for heating/cooling assistance include the degree of energy burden and household needs. Each agency establishes objective priorities to serve households based on local conditions and client needs. Equipment replacement or repair under this component must reduce energy consumption and energy burden. “Household energy need” takes into account the unique situation of such household that results from having members of vulnerable populations, including children under the age of six, disabled individuals, and older individuals. The Department defines the household’s energy need as the requirement for energy used to heat and/or cool the dwelling unit, as well as energy required to heat water and refrigerate food. Inefficient appliances unnecessarily inflate energy needs. Improving energy efficiency of appliances reduces energy burden.
(j) Under Heating and Cooling the program pays water bills only when such costs include operating an evaporative water cooler unit or when the water bill is an inseparable part of a utility bill. LIHEAP Statute allows payment of other utility charges such as wastewater and waste removal only if inseparable from the utility bill. Through client intake, outreach and coordination processes, subrecipients confirm that a client owns an operational evaporative cooler and has used it to cool the dwelling within sixty (60) days prior to application. Whenever possible, subrecipients negotiate with the utility providers to pay only the energy portion of the bill.
(k) Under the Elderly and Disabled Assistance Component:
(1) Elderly and disabled persons receive priority.
(2) Elderly households include at least one member age 60 or above. Disabled households include least one member (age 18 or older) living with a disability. A disability prevents an individual from engaging in any substantial employment by reasons of a medically determinable physical or mental condition – expected to last for a continuous period of not less than twelve months. Documentation of disability, (i.e. Social Security, Supplemental Security Income statement, doctor’s letter) kept in client file will validate eligibility.
(3) Subrecipients make utility payments on behalf of elderly and disabled persons based on the previous 12 month’s home energy consumption history, including allowances for cost inflation. In the absence of an available home energy consumption history, subrecipient may base payments on current program year’s bill. Subrecipients note such exceptions in client files. Excess amounts over the actual bill shall be treated as a credit with the utility company for the client.
(4) Subrecipient shall provide energy conservation education and referrals.
(5) Elderly and/or disabled clients may receive benefits to cover up to 100 percent of four bills for four billing periods within the contract year as long as the cost does not exceed the maximum annual benefit.
(l) Under the Co-Payment Component:

(1) The Department subrecipients use home energy payments, energy conservation tips, participation by utilities, and coordination with other services to assist low-income households to reduce their home energy needs (Assurance 16). Subrecipients establish cost burden criteria to evaluate eligibility, applicant priority, and benefit levels.

(2) A household's participation in the program may last from three to twelve months. If a co-payment client's assistance period extends beyond the end of a program year, that client must re-apply for eligibility certification to continue receiving assistance.

(3) Subrecipients make payments directly to vendors on behalf of participating households. Participating households make co-payments while participating in the program.

(4) The case worker assists clients with application procedures and maintains required documentation in client files. Assurance 16 activities encourage and enable households to reduce their home energy needs and thereby the need for energy assistance and encourage responsible vendor and consumer behavior.

(m) Under the Heating and Cooling System Replacement, Repair, and/or Retrofit Component:

(1) Equipment repair and replacement targets households with high energy burden, or equipment unsafe or inadequate to protect occupants from extreme temperatures. This component reduces clients' energy burden by reducing excess demand from inefficient heating and cooling appliances. Questionably high energy bills during the heating or cooling season may indicate the need for an assessment of the condition of all major heating and cooling appliances in the client's home. An energy assessment of the home demonstrates whether or not the expected savings from repair or replacement of equipment will exceed the cost and will reduce energy consumption. Appliances consuming the most energy receive highest priority. Estimated repair cost exceeding 60 percent of estimated replacement cost justifies replacement.

(2) Household appliances assessed for condition (health and safety) and efficiency may include any home heating or cooling appliances and propane tanks. The Program allows replacement of evaporative coolers with refrigerated air only for substantiated medical reasons. Subrecipients shall replace appliances with Energy Star® rated equipment or must meet or exceed Texas Department of Energy Weatherization Assistance Program minimum energy efficiency ratings and standards if Energy Star® is not available.

§6.209 Allowable Subrecipient Administrative, Assurance 16 Activities, and Direct Services Support Expenditures

(a) Allowable Expenditures under Direct Services Support may include client intake, salaries, fringe benefits, and travel expenditures of staff when conducting outreach to eligible households; material and printing costs associated with outreach and targeting to eligible households.

(b) Direct Services Support does not include computer purchases and related costs. These belong to Administration. Time/Expenditure Allocation for subrecipients shall demonstrate and document that they separately allocated the appropriate share of Direct Services Support time and expenditures to both outreach and targeting.

(c) Allowable Administrative Costs for administrative activities may include planning, budgeting and accounting; establishing and directing policies, goals, and objectives, and other logistical activities not unique to the mission and goals of LIHEAP. Subrecipients earn administrative budget share based on expenditure of direct services funds. The

Department calculates money available for subrecipient administrative activities as a percentage of Direct Services expenditures.
(d) The Department and its subrecipients use the Uniform Grant Management Standards, OMB Circular A-87 for local governments or OMB Circular A-122 for non-profits for determination of allowable and allocable costs. OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," increases the threshold for audit from $300,000 to $500,000.
(e) To ensure fiscal compliance for this program, the Department may use the following fiscal controls:
(1) review annual audits;
(2) monitor fiscal records; and
(3) review Monthly Expenditure and Performance Reports.
(f) The Department staff may monitor LIHEAP programs through monthly performance reports and periodic on-site visits using a standard monitoring instrument for each program, designed to identify the agency's strengths and weaknesses. A risk assessment process will guide scheduling of visits to ensure that agencies ranking highest in risk will be monitored first.
(g) The Department and its subrecipients shall cooperate in all audits and maintain records in acceptable format for audit purposes and will cooperate with any reasonable state or federal investigation requests.

§6.210 Client Education

The subrecipients shall provide an energy-related needs assessment and referrals, budget counseling, and energy conservation education to each CEAP client. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's and subrecipients' administrative funds.

§6.211 Payments to Contractors and Vendors

(a) A vendor agreement, required is required by the Department and implemented via the subrecipient, shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients. These agreements are subject to monitoring procedures performed by the Department staff.
(b) Subrecipient shall maintain proof of payment to contractors and vendors.
(c) The subrecipients shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification.
(d) The vendor payment method will be used by subrecipients for CEAP components. Under no circumstances and without exceptions will subrecipient make cash payments directly to eligible household for any of the CEAP components.

§6.212 State Contract Purchases

(a) Subrecipients shall comply with the Department rules and state procurement standards regarding competitive solicitation of bids for materials, labor, and equipment and shall adhere to guidelines for selection and award of subcontracts.
(b) Subrecipient shall develop and implement procurement procedures, which conform to the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards, 1 T.A.C. § 5.141 et seq.
(c) The State of Texas conducts competitive solicitations to identify equipment and material vendors to provide specified merchandise at discounted prices to State agencies and their contracted agents. Unless a local vendor is identified through a competitive solicitation that will provide equal or better materials and services at the same price or less, subrecipients shall purchase any equipment, materials, or services paid for with LIHEAP funds from a vendor participating in the Texas Building and Procurement Commission's Cooperative Purchasing Program. Participants must pay an annual fee, allowed by CEAP as an "Administrative" expense. By using the Cooperative Purchasing Division, a subrecipient does not have to competitively solicit for materials purchased; only the labor costs need be solicited.

§6.213 Outreach, Accessibility, and Coordination

(a) The Department may continue to develop interagency collaborations with other low-income program offices and energy providers to perform outreach to targeted groups.
(b) Subrecipients shall conduct outreach activities.
(c) Subrecipients and their field offices shall accept applications at sites that are geographically accessible to all households requesting assistance.
(d) Other outreach activities may include:
  (1) providing information through home visits, site visits, group meetings, or by telephone for disabled low-income persons;
  (2) distributing posters/flyers and other informational materials at local and county social service agencies, offices of aging, social security offices, etc.;
  (3) providing information on the program and eligibility criteria in articles in local newspapers or broadcast media announcements;
  (4) coordinating with other low-income services to provide LIHEAP information in conjunction with other programs;
  (5) providing information on one-to-one basis for applicants in need of translation or interpretation assistance;
  (6) providing LIHEAP applications, forms, and energy education materials in English and/or Spanish (or other appropriate language);
  (7) working with energy vendors in identifying potential applicants;
  (8) assisting applicants to gather needed documentation; and,
  (9) mailing information and applications.

(d) Subrecipients shall coordinate with other social service agencies through cooperative agreements to provide services to client households. Cooperative agreements must clarify procedures, roles, and responsibilities of all stakeholders.
(e) Subrecipients shall coordinate with other energy related programs. Specifically, subrecipient shall make documented referrals to the local WAP subrecipient.
(f) Subrecipients shall coordinate with local energy vendors to arrange for arrearage reduction, reasonably reduced payment schedules, or cost reductions.

§6.214 Subrecipient Reporting Requirements

(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month. This reporting is required.
(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report. This reporting is required.
(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with LIHEAP-CEAP funds.
(d) The subrecipient shall submit other reports, data, and information on the performance of the LIHEAP-CEAP program activities as required by the Department.

COMMUNITY AFFAIRS DIVISION
EMERGENCY SHELTER GRANTS PROGRAM

BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of the Community Affairs / Community Services Block Grant Draft Rules and Emergency Shelter Grants Program Draft Rules, 10 Texas Administrative Code, Chapter 5.

Required Action

Department staff recommends that the Board review and approve the draft Emergency Shelter Grants Program (ESGP) Texas Administrative Code rules.

Background

The Department has administered ESGP since 1987. Previously, ESGP requirements and regulations have been transmitted to subrecipients through the contractual agreement and Department policy issuances. ESGP has not previously been covered in Texas Administrative Code (TAC). The Community Affairs Division has prepared the new TAC rules for ESGP.

Recommendation

Staff recommends the Board approve the Emergency Shelter Grants Program Draft Rules, 10 Texas Administrative Code, Chapter 5.

Attachment—ESGP TAC Rules

PROPOSED TEXAS ADMINISRATIVE CODE RULES:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER # 5	COMMUNITY SERVICES PROGRAM

SUBCHAPTER C. EMERGENCY SHELTER GRANTS PROGRAM

§5.200. **Purpose**

The Emergency Shelter Grants Program (ESGP) is to be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and for homeless prevention activities. The program is designed to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness. The objectives of the ESGP shall be to:

(1) Help improve the quality of emergency shelters for the homeless;
(2) Help meet the costs of operating and maintaining emergency shelters;
(3) Provide essential services so that homeless individuals have access to the assistance they need to improve their situation; and
(4) Provide emergency intervention assistance to prevent homelessness.

§5.201. **Background**

ESGP was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the ESG program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 11371- 11378), now known as the McKinney-Vento Homeless Assistance Act. ESGP funds are federal funds awarded to the State of Texas by the U. S. Department of Housing and Urban Development (HUD). The Texas Legislature designated the Texas Department of Housing and Community Affairs (the Department) to administer this program pursuant to Sec. 2306.094, Texas Government Code. ESGP funds will be made available to eligible applicants to carry out the purpose of the Emergency Shelter Grants Program based on this statewide competitive application process.

§5.202. Definitions

The following words and terms shall have the following meaning unless the context clearly indicates otherwise.

(1) Homeless or homeless individual:

(A) An individual who lacks a fixed, regular, and adequate nighttime residence, or

(B) An individual who has a primary nighttime residence that is:

(1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(2) an institution that provides a temporary residence for individuals intended to be institutionalized; or,

(3) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. (Exclusion: The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a State law.)

(2) Units of general local government - a unit of local government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(3) Private nonprofit organization - an organization which has the status as a 501(c) tax-exempt entity. Private nonprofit organizations applying for ESGP funds must be established for eleemosynary purposes and whose activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not inure the benefit of any individual(s).

(4) Subrecipient - organization's with whom the Department contracts with and provides ESGP funds.

(5) Subcontractor - an organization with whom the Department's subrecipient contracts with utilizing ESGP funds.

(6) Collaborative Application - an application from two or more organizations which will use ESGP funds to provide services to the target population as part of a local continuum of care. If a unit of general local government applies for only one organization, this will not be considered a collaborative application. Partners in the collaborative application must coordinate services and prevent duplication of services.

§5.203. Allocation of Funds

(a) The Department shall administer all federal ESGP funds provided to the State under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 11371-11378, now known as the McKinney-Vento Homeless Assistance Act) in accordance with the U.S. Department of Housing and Urban Development's final ESG rule, 24 CFR Part 576 and Chapter 2306, Texas Government Code, and the Department annual Consolidated Plan.

(1) The Department must obligate at least 95% of these funds for ESGP funded applicants.

(2) The Department may retain 5% for administration and will share a portion of its administrative funds with units of general local government (city or county) selected for funding.

(3) The Department will obligate funds within 65 days of receiving the award letter from the U.S. Department of Housing and Urban Development.

§5.204. Application Requirements

(a) Eligibility Documentation: The following information must be included in each ESGP application. Failure to provide this documentation will deem the application ineligible for funding:

(1) Documentation of the active participation of a homeless or formerly homeless individual on the board of directors or other equivalent policymaking entity of such recipient, to the extent that such entity considers and makes policies and decisions regarding any facility, services, or other assistance of the recipient. Active participation is defined as attendance at a minimum of 75% of the Board or policy making entity meetings during a 12 month period. A copy of the section in the bylaws which authorizes the governing board or equivalent policymaking entity to make policies for the organization must also be included.

(2) All private nonprofit organizations must document their status as a 501(c) tax-exempt entity. The Department prefers that the ruling be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. Other documentation which may be utilized to document a 501(c) tax-exempt status may be a letter from the State of Texas Comptroller of Public Accounts or a certified legal document showing status. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS.

(3) Private nonprofit organizations must document that the activities proposed for ESGP funding have received local government approval from the city or county in which the project is located. Such approval is to be documented on Local Government Certification Form for Private Nonprofit Organizations which must be signed by the county judge or mayor, or their official designee (such as city manager, assistant city manager, community development director or human services director) for the locality in which the project is located. In the case of a collaborative application, only the private nonprofit organization which is the lead agency in the collaborative application, must submit the approved Local Government Certification Form. Any partner in the collaborative who fails to provide eligibility documentation will be deemed ineligible for funding. If the application is selected for funding and one of the organization(s) in the collaborative was deemed ineligible, the Department will negotiate the final grant amount only with the organization(s) that met all three eligibility requirements.

(b) Fiscal accountability - An applicant organization that spends more than $500,000 in federal funds during its fiscal year must have a single audit conducted for that year. The threshold for expenditure of federal funds was increased from $300,000 to $500,000 for organizations with fiscal years ending after December 31, 2003. If a single audit is required for your organization, a portion of the audit cost may be included in the proposed ESGP budget. An applicant organization that does not exceed the $500,000 federal fund expenditure threshold is exempt from the single audit requirements. In this case, audit costs may not be included in the proposed ESGP budget. All applications must include documentation of fiscal accountability, even if this information has been previously submitted to the Department. An applicant organization must include its most recent complete audit report and if applicable, a management letter as part of the financial documentation for this application. If an organization is not required to have a single audit performed, the application must include the end-of-the-year financial statements (balance sheet, income statement, and statement of cash flow). All collaborative applications from non-profits must submit financial documentation for each organization in a collaborative. For collaborative applications from units of general local government, the Department expects that fiscal accountability documentation will be reviewed by the city or county.

(c) All applications must include documentation requested in the ESGP Application issued annually by the Department.

(d) Match Requirements.

(1) ESGP subrecipients must match their award amount with an equal or greater amount of resources other than ESGP funds. Therefore, ESGP applicant organizations must demonstrate access to resources that may be used as match after the date of the grant award. Matching funds used for this ESGP project may not be used to match any other project or grant.

(2) Match resources may include:

(A) Donated Supplies: Donated goods such as clothing, furniture, equipment, etc. Include the source and an estimated value for all donated goods.

(B) Cash Donations or Grants: Private donations or grants from foundations, nonprofits, or local, state, and federal sources. A single grant may serve as the required match.

(C) Value of Donated Building: The fair market value of a donated building in the year that it is donated. The building must be proposed for ESGP-related activities and currently must not be in use for these activities. The narrative should state when the building was donated and for what purpose, the current use of the building, and how long the building has been used for its current purpose. The application must include documentation from a realtor or appraiser as to the fair market value of the property.

(D) Rent or Lease Value of a Building: Rent paid for space currently used to provide services to the homeless. Include the source of funds used to pay rent. The fair market rent or lease value of a building owned by or space that is donated (rent-free) to the applicant organization is also an acceptable match resource. To document fair market value, the application must include a letter from a realtor or appraiser that specifies the location of building, square footage, value per square foot, and total lease or rent value based on 12-month occupancy.

(E) Salaries: Any staff salary paid with general operating funds or certain grant funds including but not limited to CSBG, CDBG, United Way, and VOCA. The position(s) used as match must be involved in ESGP-related activities and the hours utilized for match must be for hours worked for ESGP related activities. For each position include the title, annual salary, percentage of time dedicated to ESGP activities, source of funds and the dollar amount proposed as match.

(F) Volunteers: Time and services contributed by volunteers, with a value not to exceed federal regulations.

(e) Environmental Review Requirements for Rehabilitation Projects.

(1) The 1988 McKinney Amendment Act revised the environmental review procedures for assistance under Title IV of the Act, including ESGP, by making applicable the provisions of, and regulations and procedures under section 104(g) of the Housing and Community Development Act of 1974 (42 U.S.C. Sec. 5304 (f)). The regulations are codified at 24 CFR Part 58. Also, see 24 CFR 576.57e (Release of Funds), and 24 CFR 35 (Lead Based Paint Hazard Reduction).

(2) An application from private nonprofit organizations that request funds for Rehabilitation activities must include a letter documenting that applicant has requested assistance with the environmental review requirements from the Chief Elected Official (or designee) of the city or county in which the project will be located.

(3) Applications including a request for Rehabilitation funds must include a Preliminary Environmental Review Checklist that has been executed by the authorized signatory for the organization or by a local elected official (or designee). An organization that is awarded funds for rehabilitation activities must submit a final Environmental Review Checklist.

(4) No funds may be obligated or expended for rehabilitation activities until the project has been environmentally cleared. For ESGP funds distributed by the State to units of general local government, the unit of general local government must assume the environmental responsibilities, and

the State will be responsible for providing a release of funds in accordance with the requirements of 24 CFR Part 58.

(5) For funds distributed by the State to nonprofit organizations, the State must assume the environmental responsibilities, and HUD will provide the release of funds in this instance. In either case, funds may be obligated or expended only after the Request for Release of Funds and Certification of Compliance with Environmental Regulations at 24 CFR Part 58 have been approved in writing.

(6) The Department may accept a previous environmental review if:

(A) the environmental review is not more than 5 years old and no structural changes have occurred;

(B) the certifying entity provides documentation that no environmentally significant changes have occurred since the review was done; and

(C) a copy of the environmental review is submitted as part of the ESGP application.

§5.205. Application Limitations

(a) Eligible Applicants: Units of general local government and private nonprofit organizations. The Department will accept collaborative applications. To be considered as a collaborative, the application must include two or more organizations that will use ESGP funds to provide services to the target population as part of a local continuum of care. If a unit of general local government applies for only one organization, this will not be considered a collaborative application. The Department intends for collaborative applications to be an effort among organizations who serve the homeless population to coordinate services and prevent duplication of services.

(b) Award Amounts:

(1) The Department has established a minimum of $30,000 and a maximum of $100,000 for ESG program awards per organization not applying as part of a collaborative application.

(2) An organization can submit only one application either as a single entity or as part of a collaborative effort.

(3) A collaborative application is limited to a maximum request of $300,000, with a limit of $100,000 per organization.

(4) The Department will not set limitations on the number of organizations that can be part of a collaborative application, but the Department recommends that collaborative applications be limited to no more than 5 organizations.

(5) Award limitations are based on the amount of ESGP funds estimated to be available to each region and the ESGP funding pattern utilized by the Department. The limitations are not to be interpreted as a commitment by the Department to award these amounts.

(6) All projects should be planned for a maximum of 12 months.

(7) Per HUD requirements, the Department will share a portion of the State's administrative funds with units of general local government (cities or counties) selected for ESGP funding. The amount shared will not exceed 4% of the subrecipient's ESGP award.

(8) The Department reserves the right to negotiate the final grant amounts and local match with successful applicants to ensure judicious use of ESGP funds. The Department may consider the amount of HUD funds awarded to entitlement entities when making funding decisions to applicants that are a unit of general local government. This consideration does not apply to private nonprofit organizations located in ESGP entitlement cities or counties.

(c) Eligible Activities: ESGP funds are designed to address the immediate needs of homeless persons to assist their movement to permanent housing. ESGP funds may be utilized to assist individuals and families who would actually become or remain homeless without ESGP homelessness prevention assistance. ESGP funds cannot be utilized to care for or assist children in State custody.

The Department encourages applications that include an innovative approach to providing emergency shelter and/or transitional housing to homeless individuals and families. Transitional housing projects should be designed to provide housing and appropriate essential services to homeless persons in order to facilitate the movement of individuals or families to permanent housing within no more than 24 months. ESGP grant amounts may be used for one or more of the following activities:

(1) Rehabilitation. Rehabilitation is defined as the labor, materials, tools, and other costs of improving buildings. Examples of allowable rehabilitation projects include, but are not limited to, accumulated deferred maintenance (replacing flooring), replacement of principle fixtures and components, improvements to increase energy efficiency (replacing a furnace or air conditioning unit), and structural changes necessary to make the facility accessible for persons with physical disabilities. Rehabilitation projects include deferred repairs for items that are inoperable or broken and in need of replacement prior to the submission of the ESGP application. Rehabilitation does not include non-deferred repairs. All rehabilitation activity funded through ESGP must occur within the existing structure, must not increase the square footage of the structure involved, and must comply with local government safety and sanitation requirements. (Refer to Section 504 of the Rehabilitation Act of 1973, as amended, as provided in 24 CFR 8.23 (a) or (b)). Types of rehabilitation projects include:

(A) Conversion: a change in the use of a building to an emergency shelter or transitional housing where rehabilitation costs exceed 75% of the value of the building after conversion. If selected for funding, the organization must use the facility as a shelter for the homeless for at least 10 years.

(B) Major rehabilitation: rehabilitation or conversion involving costs in excess of 75% of the value of the building prior to the proposed rehabilitation or conversion. If selected for funding, the organization must use the facility as a shelter for the homeless for at least 10 years.

(C) Renovation: rehabilitation that involves costs of 75% or less of the value of the building prior to the proposed rehabilitation. If selected for funding, the organization must use the facility as a shelter for the homeless for at least 3 years.

(2) Essential Services. ESGP legislation limits essential services to 30% of the total State allocation. Therefore, the Department requires ESGP applications to limit requests for Essential Services activities to 30% of the proposed budget. Essential services activities address the immediate needs of homeless individuals and enable homeless persons to become more independent and/or to secure permanent housing.

(A) Essential services may include direct client services concerned with employment, health, drug abuse prevention, and education, including but not limited to: assistance in obtaining permanent housing; medical and psychological counseling and supervision; employment counseling, job placement, and job training (including tuition and books); nutritional counseling and the salary of food preparers (cooks); substance abuse treatment and counseling; assistance in obtaining other federal, state, and local assistance including mental health benefits, medical assistance, Veteran's benefits, and income support assistance such as Supplemental Security Income, Temporary Assistance for Needy Families, and Food Stamps; other services such as childcare, food vouchers, client clothing, or medical assistance (doctor visits, prescriptions, eye glasses or other prostheses, etc.); transportation costs directly associated with ESGP service delivery, such as bus tokens, bus fare, cab fare, airfare, salary of van driver, etc; and, salary for staff whose sole duty is to work directly with clients to provide the above services. Staff salaries may include wages and fringe benefits as described in the applicant organization’s personnel policies. No administrative salaries may be paid with Essential Services funds.

(B) The application must include a job description for any position to be paid in full or in part with ESGP funds under this category.

(C) If the agency received local funds (locally generated tax revenue) from a unit of local government in the past 12 months, and if the ESGP application includes a request for funds to provide essential services, the Project Narrative must describe how the service(s) will be a new service or will result in a quantifiable increase in the level of service that was provided with local funds during the previous 12 months.

(3) Maintenance, operation, and furnishings. ESGP funds may be used for maintenance, operation, furnishings, and equipment costs. The Department will accept applications that include Maintenance, Operation, and Furnishings as a part of the project or as the sole activity of a project.

(A) Maintenance costs include contract services for copier or security system maintenance, pest control, lawn care, contracted janitorial service, etc.

(B) Operation costs include administration, equipment, facility rent, utilities, internet service, and telephone; building maintenance and non-deferred repairs; food for shelter residents; vehicle maintenance, registration, repairs, and fuel; building or equipment insurance; fidelity bond coverage; office and maintenance supplies; contracted security services; single audit expenses (if required), staff mileage reimbursement (for travel relating to ESGP service delivery), and pre-award travel expenses (for successful applicants to attend an orientation workshop). Non-deferred repairs are items that break during the contract period, such as: repairing a window that is broken; repairs due to water damage; or repairing a broken furnace or air conditioning unit. Deferred repairs, classified as rehabilitation activities, are items which are inoperable or broken and in need of replacement prior to the application period. Operation administration may not exceed more than 10% of an applicant's ESGP budget may be requested for administrative salaries (including fringe benefits). Appropriate staff which may be charged as administrative staff are the executive director, program director, supervisors, administrative support staff, etc. Job descriptions for these positions are not required to be included in the ESGP application. Equipment may include computers, printers, software, refrigerator, stove, tools, vehicles, etc. All equipment with a useful life of more than one year and an acquisition cost of $500 or more must be included in a cumulative inventory report submitted to the Department each contract year. Subecipients who participates in a local Continuum of Care may use ESGP funds to facilitate the required Homeless Management Information System (HMIS) which may include the purchase of software and/or annual access fees to facilitate data collection and reporting of client-level information.

(C) Furnishings may include beds, mattresses, linens, desks, tables, chairs, etc.

(4) Homelessness Prevention. ESGP legislation limits homelessness prevention to 30% of the total State allocation. Homelessness Prevention funds may be used to assist individuals who are homeless or at risk of becoming homeless. The Department will accept applications that include Homelessness Prevention as a part of the project or as the sole activity of a project.

(A) Homelessness Prevention funds may be used to provide direct monetary assistance on behalf of individuals whose annual income is at or below the federal poverty guideline when all of the following conditions are met:

(i) The individual or family is unable to make the required payments due to a sudden reduction in income or a sudden increase in expenses;

(ii) The assistance is necessary to avoid the foreclosure, eviction, or termination of utility services (excluding telephone service);

(iii) There is reasonable prospect that the individual or family will be able to resume the payments within a reasonable period of time (determined by the applicant organization and used consistently among all clients); and

(iv) The assistance does not replace funding for pre-existing homelessness prevention activities from any other sources.

(B) Homelessness Prevention funds must be used to assist those individuals and families that would actually become or remain homeless without ESGP homelessness prevention assistance. Homelessness prevention funds may not be used to provide direct payments to individuals. Homelessness prevention assistance may include:

(i) Short-term subsidies to help defray rent and utility arrearages for families that have received a notice of eviction, termination of utility services, or payments to prevent the transfers;

(ii) Security deposits or first month's rent to enable a homeless family (or individuals in emergency/ transitional housing) to acquire permanent housing;

(iii) Programs to provide mediation for landlord/tenant disputes;

(iv) Programs to provide legal services for the representation of indigent tenants in eviction proceedings;

(v) Payments to prevent foreclosure on a home; and,

(vi) Other innovative programs and activities designed to prevent the incidence of homelessness.

(vii) The Department may reserve funds from the 95% funds utilized for funding applicants for a special statewide homelessness prevention initiative designed to provide training and technical assistance necessary to prevent the incidence of homelessness. ESGP funds for the Special Initiative for Homelessness Prevention will be limited to two (2) eligible activities: maintenance, operation, furnishings; and homelessness prevention.

§5.206. Ineligible Activities

(a) Rehabilitation activities funded through ESGP cannot increase the square footage of the structure involved and must occur within the existing structure. (Refer to Section 504 of the Rehabilitation Act of 1973, as amended, as provided in 24 CFR 8.23 (1) or (b).)

(b) ESGP funds cannot be utilized for conversion, rehabilitation, renovation, or operation of permanent housing; acquisition of real property; new construction; addition of square footage, property clearance or demolition; direct payments to individuals; to support inherently religious activities such as worship, religious instruction, or proselytization; or to rehabilitate or repair buildings such as sanctuaries, chapels, and other rooms that a congregation uses as its principal place of worship.

§5.207. Application Process

(a) The Department will publish the ESGP Application annually on the Department's website. Prior to its publication, the Department will send notice to organizations included in the Department's ESGP Interested Parties Mailing List and to the Department's list serve maintained by the Department's Policy and Public Affairs Division. This notice will include information on how to access a current ESGP application. The Department will provide a hard copy of the application to any organization requesting one and who cannot access the application via the internet.

(b) An applicant must submit a completed application in accordance with application instructions issued annually in the ESGP Application to be considered for funding. Applications containing false information, not received by the deadline, and not meeting eligibility documentation requirements will be disqualified. Applications must be received by the Department by 5:00 p.m. on the date identified in the ESGP Application. The Department will not accept applications prior to the publication of the annual ESGP Application.

§5.208. Process for Review of Applications

(a) Each Texas county is part of one of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the percentage of poverty population which exists in each region according to the decennial U.S. Census.

(b) Applications are grouped by service region. After eligibility screening, applications from one or more service regions are assigned to each review team, depending on the number of applications received from each service region. Applications compete only against other applications from the same service region. The teams utilize a scoring instrument to evaluate and score applications utilizing factors in §5.209 of this section. The Department will not notify organizations of any deficiencies during the pre-screening and review process. The scores for each application will be averaged to obtain a team score and the score for the review of financial documentation is added to the team score. Then the final adjusted score is determined by adding bonus points and deducting points for unresolved monitoring issues and submission of late reports and failure to expend at least 84% of previous ESGP awards provided by the Department. Applications may be deemed ineligible for lack of response to Department ESGP monitoring report(s) and compliance and audit issues identified by the Department. Once the final adjusted score is established, applications are ranked according to final adjusted score within each region. Applications which receive a score below 70% of the highest score in their service region will not be considered for funding. In the final stage of the review process, prior to making final funding recommendations, the performance of previous ESGP subrecipients is taken into consideration. Performance issues may make an applicant ineligible. As part of this final stage of the review process, Directors and Managers from all Department Divisions review the list of projects proposed for funding. Additionally, monitoring, audit, and compliance issues are considered prior to submitting the recommendations for executive recommendation and board approval. Applicants that have unresolved monitoring and audit findings from any TDHCA funded program will be ineligible for ESGP funding.

(c) The Department will award bonus points for applicants from non-entitlement areas, for organizations requesting homelessness prevention funds, and for single applicant organizations that previously have not received ESGP funds from the Department.

(d) In the event of a tie, the Department reserves the right to determine which application will receive a recommendation for funding. The application from the area with more limited resources for homeless assistance will be given preference, considering all other factors.

(e) Applicants will be notified of the Department's recommendation for funding on or before 65 days of receipt of funding notification from the U.S. Department of Housing and Urban Development. Applicants which are disqualified will receive written notification within 5 working days of the Community Affairs' determination. Applicants not recommended for funding will be notified in writing no later than 30 days from the date that the Department obligates funds.

(f) Applications recommended for funding will be presented to the Board or its designee for approval, pending the availability of ESGP funds.

(g) Applicants not selected to receive ESGP funds may request a review of their application no later than 30 days after the date of the written funding notification from the Department as per Texas Administrative Code §1.7.

§5.209. Application Scoring

(a) Standard Applications - The application content, tables, and narrative will be scored for each eligible application. The Department will also take into consideration information in §5.208 and the score resulting from the scoring instrument will be adjusted based on the review of information in §5.208.

<u>Sections of Scoring Instrument for Standard Applications:</u>

Section 1: Content - 15 Maximum Points
Section 2: Tables - 30 Maximum Points
Section 3: Narrative - 49 Maximum Points
Section 4: Conclusion - 6 Maximum Points
Total : Maximum Points 100

SECTION 1: APPLICATION CONTENT 15 POINTS

1 Point will be awarded for the submission of each required item contained in the application packet:

ESGP Application Form completed;

Table of Contents includes page numbers;

Project Narrative formatted with one-inch margins and with minimum 11 pt. type font;

Project Narrative does not exceed 10 pages (2 additional pages per collaborator not to exceed 20 pages);

Photographs, including at least two different views of the facility (one from the interior and one from the exterior) where assistance is to be provided. Collaborative applications must include two views of each collaborator's facility;

Attachment A - (Standard Form 424) must include signature;

Attachment C – (Board of Directors Roster) was completed thoroughly and homeless or formerly homeless representative was identified under the occupation column. Collaborative applications must include one form for each partner;

Attachment D –(Attendance Roster) was completed and homeless or formerly homeless individual was identified. Collaborative applications must include one form for each partner;

Copy of Bylaws and Articles of Incorporation – Copy of bylaws must include how the organization authorizes the governing board or policymaking entity to make policies and decisions. This document is required for each partner in a collaborative and Articles must describe mission and goals for which the organization was formed.

Attachment I - Homeless Management Information System (HMIS) Reporting form is completed and signed;

Attachment J – Previous ESGP Funding Form is completed correctly or indicates NA if not applicable;

Attachment K – ESGP Applicant Certification form is signed;

Attachment L – Certification Regarding Lobbying is signed;

Attachment M – Audit Certification Form

Fidelity Bond or a letter of commitment to obtain one prior to the execution of an ESGP contract is included.

For Applicants Requesting Rehabilitation Funds: **_______NA**

(1 point deducted from sub-total for each of the following omissions)
DEDUCTIONS:

1. **Attachment N** (Preliminary Environmental Review Checklist);
2. **Property Appraisal** or reasonable method for determining property value;
3. **Flood Plain Map**, identifying the project;
4. **Letter from the Texas Historical Commission** regarding the historical significance of the facility (or a letter requesting a response);
5. **Photographs** of area(s) to be renovated;
6. Request for city or county assistance with environmental review requirements (nonprofit applicants only).

SECTION 2: COMPLETION OF TABLES **25 POINTS**

I. Budget Table – Attachment F (12 pts)

1. Are budget items categorized in the appropriate Total points: _____________

budget category? (max 2 pts)

2. Does the budget contain a brief description of each item? Total points: ____________ (max 2 pts)

3. Does the budget contain the method of calculation for each category? Total points: ____________ (max 2 pts)

4. Does the budget contain the basis of cost for each category? Total points: ____________ (max 2 pts)

5. Is the “Line Item Totals” column added correctly? Total points: ____________ (max 2 pts)

6. Is the “Total Funds by Category” column added correctly? Total points: ____________ (max 2 pts)

Possible deductions only:

1. If requesting funds under Operations Administration did they exceed 10 % of total funds requested?	_______Yes **-2 pts**	_______ No 0 pts
2. Is applicant requesting funds under Essential Services Category?	_______ Yes	_______ No
If yes, does the amount requested exceed 30%	_______ Yes **- 2 pts**	_______ No 0 pts
3. Are job descriptions included for **all** positions under Essential Services?	_______Yes 0 pts	_______ No **-2 pts**

For collaborative applications:

1. Did the application include one budget table for each organization in the collaborative?	_______Yes 0 pts	_______ No **-2 pts**
2. Did the application include a comprehensive budget which includes all activities proposed by the collaborative effort?	_______Yes 0 pts	_______ No **-2 pts**

Match Table - Attachment G (8 pts)

1. Does the total dollar value for match funds equal the total funds requested in budget table? Total points: _______ (max 2 pts)

2. Is the "Dollar Value" column added correctly? Total points: _______ (max 2 pts)

3. Does the match table include a brief description of the source of match for all resources included? Total points: _______ (max 2 pts)

4. Does the match table contain the method of calculation for all resources included? Total points: ________ (max 2 pts)

Possible deductions only:
Does the proposal include documentation of match resources related to the value of a building,rent, or lease on the building? (i.e. letter from a realtor or appraiser as to the fair market value of the property)

________ Yes ________ No
0 pts -2 pts

III. Resource Documentation Table - Attachment H (10 pts)

1. Submission of a Resource Documentation Table for each county served? Total points: ________ (max 3 pts)

2. Brief, concise, and complete description of the unmet needs or gaps in services for the homeless population in the service area? Total points: __________ (max 4 pts)

3. Completeness of Resource Documentation Table and inclusion of appropriate data sources? Total points: ___________ (max 3 pts)

SECTION 3: NARRATIVE **50 POINTS**

I. Description of Applicant Organization

A. Organization and Services Provided (20 pts)

Does the narrative:

1. How well the applicant describe the organization(s) history, mission, staff size, educational background and experiences of key staff Total points: __________ (max 3 pts)

excellent description (2 pts)
some description (1 pts)
no description or failed to address all areas (0 pts)

2. Information regarding Board of Directors: Total points: _______

(max 4 pts)

Describe information on regularity of board meetings;
List all subcommittees;
How Board utilized recommendation from homeless representative to change policies, practices, and services.

3. Indicate the following: Total points: ________ (max 3 pts)

Type of service provided;
Total number of persons served annually and target group(s) served;
Cities and/or counties to be served and shelter capacity (bed space).

4. Does it describe services which have a long-term impact/outcome on the homeless individuals served? Total points: _________ (max 5 pts)

5. Does it describe case management services provided to homeless individuals? Total points: _________ (max 5 pts)

6. Does it include inappropriate or discriminatory service restrictions? If yes, please describe. _______ Yes _______ No

B. Coordination Efforts (10 pts)
Does the narrative:

1. Describe how and for what types of services the organization coordinates with other service providers to meet the various needs of the homeless clients or clients who may become homeless. Total points: _________ (max 5 pts)

For Collaborative Applications (possible deduction only):

A. Did the application provide information on how and which services will be coordinated among the organizations included in the application? _____Yes 0 pts _____No -5 pts

2. Describe the organization's participation in any local homeless coalition, social services coordination council development of the HUD required Consolidated Plan or similar document, and/or development of a "Continuum of Care" plan for the community in which the proposed services will be delivered? Total points: __________ (max 5 pts)

Previous ESGP Funding—If applicable (possible deduction only)		
1. How well does the narrative describe how ESGP funds improved or increased services?	______ NA	_________ (max -2 pts)
2. Does the narrative describe new sources of funds acquired during previous ESGP grants, including recent efforts made to develop other funding sources during the past 5 years and new funding received.	______ NA	_________ (max -2 pts)

II. Unmet Need

Identifying Unmet Need (10 pts)

1. Does the narrative describe the unmet needs or gaps in services for the homeless population in the service area based on the data provided in the Resource Documentation Table? Total points: ____________ (max 5 pts)

2. Does the narrative provide a description of the specific unmet need and/or gaps in services that the organization will meet based on the data provided in the Resource Documentation Table? Total points: ____________ (max 5 pts)

III. Proposed Use of ESGP funds

Detailed Description of the Project (10 pts)

1. Does the narrative describe the customers? Total points: ____________ (max 1 pts)

   Demographics
   Provides no demographics

2. Does the narrative state how many customers the organization plans to assist with ESGP services? Total points: _____________ (max 1 pts)

   Numbers provided
   No numbers given or numbers not clear

A. For Essential Services Requests (possible deduction only): **_____NA**

(1). Does the narrative describe the essential services to be provided? _____ Yes 0 pts _____ No -2 pts

(2). Provide the name and title of the Essential Services staff whose salary will be paid in whole or in part with ESGP funds? _____ Yes 0 pts _____ No -2 pts

(3) Does the narrative state that the organization receives local funding? (funds generated by taxes levied by city or county) _____ Yes _____ No

(4) If yes, does the narrative describe how the service(s) will be a new service and/or increase in the level of services to be provided? **_____NA** _____ Yes 0 pts _____ No -2 pts

B. For Maintenance, Operations, and Furnishings Requests (possible deduction only): **_____NA**

(1) Describe how the items funded with ESGP funds will benefit the organization's ability to delivery services? _____ Yes 0 pts _____ No -2 pts

C. For Homelessness Prevention Requests (possible deduction only): **_____NA**

(1). A description of the Homeless Prevention to be provided with ESGP funds? _____ Yes 0 pts _____ No -2 pts

(2). Does the narrative include the staff member responsible for providing the homelessness prevention activities? _____ Yes 0 pts _____ No -2 pts

(3). Did the narrative include the criteria used to determine eligibility to receive assistance? _____ Yes 0 pts _____ No -2 pts

(4). Did the narrative include the method for determining if the applicants meet conditions outlined under Eligible Activities? _____ Yes 0 pts _____No -2 pts

D. For Rehabilitation Requests (possible deduction only):	**_____NA**
(1) Include a description of the Rehabilitation activities to be funded with ESGP	_____ Yes 0 pts _____No -2 pts
(2) Has the applicant included documentation of the facility's original construction date and is that date referenced in the narrative?	_____Excellent 0 pts _____Poor -2 pts
(3). If facility construction date is prior to 1978, has the applicant included a discussion of lead and/or asbestos abatement?	_____Yes 0 pts _____No -1 pts
(4) For non-profit applications, is documentation included which states that the city or county agrees to assist with environmental requirements?	_____Yes 0 pts _____No -2 pts

E. Subcontractors (possible deductions only):	**_____NA**
(1) Did the application include the names of subcontractors they will use to deliver services?	_____Yes 0 pts _____No -2 pts
(2) Did the application provide a description of the services subcontractors will deliver?	_____Yes 0 pts _____No -2 pts

10. Does the narrative describe how it plans to measure the effectiveness of the services provided to clients? Total points: ____________ (max 5 pts)

11. Does the narrative provide a description of how the applicant will involve homeless individuals in rehabilitating, maintaining, operating, and/or providing services. Total points: ____________ (max 2 pts)

SECTION 4: CONCLUSION 5 POINTS

I. Conclusion (5 pts) (Refer to page 19 of Application Packet)

1. How well does the conclusion state the significant and beneficial impact(s) of the proposed project on the homeless population in the service area and describe the results or benefits to be achieved by carrying out the proposed activities? Total points: _________ (max 3 pts)

2. Level of provision and description of outcome related services which have a long-term impact on the persons lives or if not currently providing such, description of plans to do so? Total points: __________ (max 3 pts)

(b) **Special Initiative for Homelessness Prevention** – The application content, tables, and narrative will be scored for each eligible application for Special Initiative for Homelessness Prevention. The Department will also take into consideration information in §5.208 and the score resulting from the scoring instrument will be adjusted based on the review of information in §5.208.

Sections of Scoring Instrument for Special Initiative for Homelessness Prevention Applications:

Section 1: Content - 15 Maximum Points
Section 2: Tables - 25 Maximum Points
Section 3: Narrative- 60 Maximum Points
Total : Maximum Points 100

SECTION 1: APPLICATION CONTENT 15 POINTS

Check each item contained in the application packet ***(1 pt each).***

1 Point for the submission f each item contained in the application packet.

ESGP Application Form completed;

Table of Contents includes page numbers;

Project Narrative formatted with one-inch margins and with minimum 11 pt. type font;

Project Narrative does not exceed 10 pages (2 additional pages per collaborator not to exceed 20 pages);

Photographs, including at least two different views of the facility (one from the interior and one from the exterior) where assistance is to be provided. Collaborative applications must include two views of each collaborator's facility;

Attachment A - (Standard Form 424) must include signature;

Attachment C – (Board of Directors Roster) was completed thoroughly and homeless or formerly homeless representative was identified under the occupation column. Collaborative applications must include one form for each partner;

Attachment D –(Attendance Roster) was completed and homeless or formerly homeless individual was identified. Collaborative applications must include one form for each partner;

Copy of Bylaws and Articles of Incorporation – Copy of bylaws must include how the organization authorizes the governing board or policymaking entity to make policies and decisions. This document is required for each partner in a collaborative and Articles must describe mission and goals for which the organization was formed.

Attachment I - Homeless Management Information System (HMIS) Reporting form is completed and signed;

Attachment J – Previous ESGP Funding Form is completed correctly or indicates NA if not applicable;

Attachment K – ESGP Applicant Certification form is signed;

Attachment L – Certification Regarding Lobbying is signed;

Attachment M – Audit Certification Form

Fidelity Bond or a letter of commitment to obtain one prior to the execution of an ESGP contract is included.

SECTION 2: COMPLETION OF TABLES 25 POINTS

I. Budget Table – Attachment F (12 pts)

1. Are budget items categorized in the appropriate budget category? Total points: ____________ (max 2 pts)

2. Does the budget contain a brief description of each item? Total points: ____________ (max 2 pts)

3. Does the budget contain the method of calculation for each category? Total points: ____________ (max 2 pts)

4. Does the budget contain the basis of cost for each category? Total points: ____________ ________ (max 2 pts)

5. Is the "Line Item Totals" column added correctly? Total points: ____________ (max 2 pts)

6. Is the "Total Funds by Category" column added correctly? Total points: ____________ (max 2 pts)

Possible deductions only:

1. If requesting funds under Operations Administration did they exceed 10 % of total funds requested **(max -2 pts)**
2. Is applicant requesting funds under Essential Services Category? ______ Yes _______ No
   If yes, does the amount requested exceed 30% **(max -2 pts)**
3. Are job descriptions included for **all** positions under Essential Services? **(max -2 pts)**

For collaborative applications:

4. Did the application include one budget table for each organization in the collaborative? **(max -2 pts)**
5. Did the application include a comprehensive budget which includes all activities proposed by the collaborative effort? **(max -2 pts)**

SECTION 2: COMPLETION OF TABLES (CONTINUED)

II. Match Table - Attachment G (8 pts)

1. Does the total dollar value for match funds equal the total funds requested in budget table? Total points: ____________ (max 2 pts)

2. Is the "Dollar Value" column added correctly? Total points: ___________
(max 2 pts)

3. Does the match table include a brief description of the source of match for all resources included? Total points: ___________
(max 2 pts)

4. Does the match table contain the method of calculation for all resources included? Total points: __________
(max 2 pts)

Possible deductions only:

Does the proposal include documentation of match resources related to the value of a building, rent, or lease on the building? (i.e. letter from a realtor or appraiser as to the fair market value of the property) ____Yes ___No
(max -2 pts)

III. Resource Documentation Table - Attachment H (10 pts)

1. Is there a table for each county served? Total points: __________
(max 3 pts)

2. Is the data provided presented briefly and concisely and is a summary of the homeless and poverty population in the counties? Total points: ___________
to be served proposed (max 4 pts)

3. Are the tables complete and do they include appropriate data sources? Total points: __________
(max 3 pts)

SECTION 3: NARRATIVE **60 POINTS**

I. Special Initiative Narrative (60 pts)

Does the narrative:

1.Describe the organization's history and mission: Total points: __________
(max 6 pts)

2. Involvement with homeless issues statewide: Total points: ____
(max 6 pts)

3. Information regarding Board of Directors: Total points: ___________
(max 4 pts)

yes, (4 pts) does reflect a statewide presence and includes a homeless or formerly homeless representative

no, (-4 pts) does reflect a statewide presence and/or does not includes a homeless or formerly homeless representative

4. Describe the organization's experience in providing statewide training and technical assistance (t/ta) to Continuum of Care (CoC) — Total points: ____________ (max 6 pts)

5. Describe the organization's efforts at providing training and technical assistance to CoC applicants which resulted in the awarding of grant funds: — Total points: ____________ (max 6 pts)

6. Describe the organization's statewide experience with local coalition building: — Total points: ____________ (max 8 pts)

7. Describe the organization's experience working with HUD programs: — Total points: ____________ (max 6 pts)

8. Describes the proposed use of ESGP funds by category: and subcategory — Total points: ___________ (max 4 pts)

9. Describe the proposed services/technical assistance or training to be delivered with ESGP funds: — Total points: ___________ (max 4 pts)

10. Provides estimates on the # of t/ta sessions to be provided and information on whether subcontractors will be utilized: — Total points: ___________ (max 4 pts)

11. Describes how the organization plans to measure the effectiveness of the services provided: — Total points: ____________ (max 6 pts)

§5.210. Funds Distribution

a) Reserved ESGP funds will be distributed within each of the 13 Uniform State Service Regions with the highest ranking application being funded first and so forth until the funding reserved to the region is exhausted.

(b) The Department will determine the number of applications which can be funded within each region based on the amount of funds available for distribution in each region. ESGP funds reserved for a particular region will be obligated to eligible applicant organizations within that region. If the region does not have enough responsive applications which meet the funding threshold, funds will be redistributed to regions with reserved funding below $250,000.

COMMUNITY AFFAIRS DIVISION
COMMUNITY SERVICES BLOCK GRANT

BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of the Community Affairs / Community Services Block Grant Draft Rules and Emergency Shelter Grants Program Draft Rules, 10 Texas Administrative Code, Chapter 5.

Required Action

Department staff recommends that the Board review and approve draft rule amendments to the Community Services Block Grant (CSBG) Texas Administrative Code rules.

Background

The Department has administered CSBG since 1983. CSBG requirements are currently in the TAC; however, the Department is modifying the TAC CSBG rules to include information on eligible entities, the methodology to allocate funds, and Community Action Plan requirements. The Community Affairs Division has prepared the TAC rule modifications for CSBG.

Recommendation

Staff recommends the Board approve Community Services Block Grant Draft Rules, 10 Texas Administrative Code, Chapter 5.

Attachment—CSBG TAC Rules

PROPOSED TEXAS ADMINISTRATIVE CODE RULES:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER # 5	COMMUNITY SERVICES PROGRAMS

SUBCHAPTER A COMMUNITY SERVICES BLOCK GRANT (CSBG)

§5.1 Background

(a) The Community Services Block Grant (CSBG) Act (42 USC Sec. 9901 *et seq.*) was amended by the "Community Services Block Grant Amendments of 1994" and the Coats Human Services Reauthorization Act of 1998 under (42 USC 9901 et seq.). The Secretary of the U.S. Health and Human Services is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States under (42 USC 9904).
(b) The Texas Legislature designated the Texas Department of Housing and Community Affairs (the Department) as the lead agency for administration of the Community Services Block Grant Program pursuant to Texas Government Code, Section 2306.092 (11).
(c) CSBG funds will be made available to eligible entities to carryout the purposes of the Community Services Block Grant Program.

§5.2 Purposes and Goals

(a) CSBG funds provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of

poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).
(b) These goals may be accomplished by the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions.
(c) The organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;
(d) The greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;
(e) The maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and
(f) The broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for--

(1) private, religious, charitable, and neighborhood-based organizations; and
(2) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.

§5.3 Definitions

The following words and terms shall have the following meaning unless the context clearly indicates otherwise.

(1) CSBG Act – Coats Human Services Reauthorization Act of 1998.
(2) Eligible entity – A CSBG eligible entity is defined as an entity that was in effect on the day before the date of enactment of the CSBG Act.
(3) Population density – A formula factor that is an individual quotient of the number of persons residing in a given area of the State.
(4) Poverty Income Guidelines – The official poverty income guidelines defined by the Office of Management and Budget (OMB).
(5) Private nonprofit organization – An organization which has the status as a 501(c) tax-exempt entity. Private nonprofit organizations applying for CSBG funds must be established for eleemosynary purposes and whose activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not inure the benefit of any individual(s).
(6) Secretary – The Secretary of the U.S. Department of Health and Human Services.
(7) Subcontractor – An organization with whom CSBG subrecipients contract utilizing CSBG funds.
(8) Subrecipient – Organizations with whom the Department contracts for CSBG funds.
(9) The State – Texas Department of Housing and Community Affairs.

(10) Units of general local government – A unit of local government which has the authority to assess and collect local taxes and to provide general governmental services.

§5.4 Eligible Entities

The Department administers the CSBG program through the existing subrecipients organizations referenced in the CSBG Act as "eligible entities."

§5.5 Designation and Redesignation of Eligible Entities in Unserved Areas

(a) If any geographic area of the State ceases to be served by an eligible entity, the Governor may solicit applications from, and designate as an eligible entity:

(1) A private nonprofit organization (which may include an eligible entity) that is geographically located in the unserved area, that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency, and that meets the requirements of this subtitle;

(2) A private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area; and

(3) In order to serve as the eligible entity for the area, an entity to ensure adequate representation in each of the three required categories.

(b) In designating an eligible entity, the Governor shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of the CSBG Act and may give priority, in granting the designation, to eligible entities that are providing related services in the unserved area, consistent with the needs identified by a community needs assessment.

(c) If no private, nonprofit organization is identified or determined to be qualified to serve the unserved area as an eligible entity, the Governor may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required by the Department.

§5.6 Distribution of CSBG Funds

(a) The CSBG Act requires that no less than 90% of the state's allocation be allocated to eligible entities. The Department utilizes a multi-factor fund distribution formula to equitably provide CSBG funds throughout the State's 254 counties to the CSBG eligible entities. The formula incorporates the 2000 U.S. Census figures at 125% of poverty; a $50,000 base; a $150,000 floor (the minimum funding level); a 98% weighted factor for poverty population; and, a 2% weighted factor for the inverse ratio of population density.

(1) Each eligible entity receives a base amount of $50,000;

(2) The weighted factors of poverty population and population density are applied to the funds remaining after the base award funds have been distributed to each eligible entity;

(3) The Department then determines if any eligible entity is below the $150,000 floor after the base amount and weighted factors (poverty population and population density) have been applied, then the minimum floor amount is reserved for those entities below $150,000.

(4) The remaining funds are distributed to the remaining eligible entities. As was done with the initial run of the formula, each of the remaining eligible entities receives the base amount of $50,000 and then the weighted factors (poverty population and population density) are applied to determine the allocation amounts for eligible entities funded above the $150,000.

(b) The population density factor ensures that additional funds are provided to those organizations with sparsely populated service areas.

(c) Five percent (5%) of the Department's annual allocation of CSBG funds may be used for activities that may include: services to low-income Migrant and Seasonal Farmworker and Native-American populations; to assist CSBG eligible entities in responding to natural or man-made disasters. The Department also considers proposals that request funding for innovative and demonstration projects that assist CSBG target population groups to overcome at least one of the barriers to attaining self-sufficiency. A portion of these funds are used to confer Performance Awards to eligible entities that transition persons out of poverty.

(d) Five percent (5%) of the Department's annual CSBG allocation is used to cover state administrative costs including salary and benefits for state CSBG staff, indirect costs, a portion of operating costs (space, telephone, staff travel, etc.), and capital expenditures (furnishings, equipment, etc.).

§5.7 Uses of Funds

CSBG funds distributed to eligible entities for a fiscal year may be available for obligation during that fiscal year and the succeeding fiscal year:

(1) To remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);
(2) To secure and retain meaningful employment;
(3) To attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;
(4) To make better use of available income;
(5) To obtain and maintain adequate housing and a suitable living environment;
(6) To obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and
(7) To achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners.

§5.8 State Application and Plan

(a) The Department submits an application and State plan to the Secretary.
(b) The Department will submit a State plan every two years.
(c) The State plan will be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan.

(d) In conjunction with the development of the State plan, the Department is required to hold public hearings in four locations in different areas of the state to solicit public comment on the intended use of CSBG funds.
(e) In order to be eligible to received CSBG funds, the Department must hold at least one legislative hearing every three (3) years in conjunction with the development of the State plan. The Department submits the CSBG budget to the Texas State Legislature every two (2) years as part of the Legislative Appropriations Request (LAR), which meets the legislative hearing requirement.

§5.9 CSBG Needs Assessment and Community Action Plan

(a) In accordance with the CSBG Act, the Department is required to secure from each CSBG eligible entity a Community Action Plan that includes a community needs assessment. CSBG subrecipients must submit a needs assessment at least every five (5) years.
(b) Preparation of a periodic community needs assessment enables the local eligible entities and the states to direct CSBG funds toward meeting national goals in accordance with the needs of the communities served.
(c) The frequency for submission of the CSBG Community Action Plan is annual and is due on October 31 of every year.
(d) The Community Action Plan shall at a minimum address the CSBG National Goals and National Performance Indicators, identified by the Monitoring and National Assessment Task Force sponsored by the U.S. Department of Health and Human Services, which include the following:

- (1) Goal 1: Low-Income People Become More Self-Sufficient
  - (A) National Performance Indicator 1.1 – Employment
  - (B) National Performance Indicator 1.2 – Employment Supports
  - (C) National Performance Indicator 1.3 – Economic Asset Enhancement and Utilization
- (2) Goal 2: The Conditions in Which Low-Income People Live are Improved
  - (A) National Performance Indicator 2.1 – Community Improvement and Revitalization
  - (B) National Performance Indicator 2.2 – Community Quality of Life and Assets
- (3) Goal 3: Low-Income People Own a Stake in Their Community
  - (A) National Performance Indicator 3.2 – Community Empowerment Through Maximum Feasible Participation
- (4) Goal 4: Partnerships Among Supporters and Providers of Service to Low-Income People are Achieved
  - (A) National Performance Indicator 4.1 – Expanding Opportunities Through Community-Wide Partnerships
- (5) Goal 5: Agencies Increase Their Capacity to Achieve Results
  - (A) National Performance Indicator 5.1 – Broadening the Resource Base
- (6) Goal 6: Low-Income People, Especially Vulnerable Populations, Achieve Their Potential by Strengthening Family and Other Supportive Systems
  - (A) National Performance Indicator 6.1 – Independent Living
  - (B) National Performance Indicator 6.2 – Emergency Assistance
  - (C) National Performance Indicator 6.3 – Child and Family Development

§5.10 Selection, Composition and Powers of Boards of Eligible Entities

(a) Private Nonprofit Entities.

(1) Board.--In order for a private, nonprofit entity to be considered to be an eligible entity, the entity shall administer the community services block grant program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.

(2) Selection and composition of board.--The members of the board shall be selected by the entity and the board shall be composed so as to assure that--

(A) 1/3 of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of such elected officials reasonably available and willing to serve on the board is less than 1/3 of the membership on the board of appointive public officials or their representatives may be counted in meeting such 1/3 requirement;

(B) (i) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and

(ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under clause (i) resides in the neighborhood represented by the member; and

(C) The remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

(b) Public Organizations.--In order for a public organization to be considered to be an eligible entity, the entity shall administer the community services block grant program through:

(1) A tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members:

(A) Are representative of low-income individuals and families in the neighborhood served;

(B) Reside in the neighborhood served; and

(C) Are able to participate actively in the development, planning, implementation, and evaluation of programs funded with CSBG funds; or

(2) A mechanism specified by the Department to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded under this subtitle.

(c) Board Membership Requirements

(1) Public Officials

(A) Private Nonprofit Entities

(i) The CSBG eligible entity may select elected public officials or their representatives to serve on the board. In the event that there are not enough elected public officials reasonably available and willing to serve on the board, the entity may select appointed public officials to serve on the board.

(ii) The entity may allow governing officials of the political jurisdiction to select and/or recommend an elected or appointed official to serve on the board.

(B) Public Organizations

(i) The public organization may select elected public officials to serve on the board. If there are not enough elected public officials reasonably available and willing to serve on the board, the public organization may select appointed public officials to serve on the board.

(C) Elected public officials or appointed public officials selected to serve on the board of either a private nonprofit entity or a public organization shall have either general governmental responsibilities, or responsibilities which require them to deal with poverty-related issues. They may not be officials with only limited, specialized, or administrative responsibilities.

(2) Low Income Representatives

(A) An essential objective of community action is participation by low-income individuals in the programs which affect their lives; therefore, the CSBG Act and its amendments require representation of low-income individuals on boards or state-specified governing bodies. Low-income representatives need not themselves be poor, but they must be selected in a manner that ensures that they truly represent low-income individuals.

(B) The procedure used to select the low-income representatives must be documented to demonstrate that a democratic selection process was used.

(C) Among the selection processes that may be utilized, either alone or in combination, are:

(i) Nominations and elections, either within neighborhoods or within the community as a whole.

(ii) Selection at a meeting or conference to which all neighborhood residents, and especially those who are poor, are openly invited.

(iii) Selection of representatives to a community-wide board by members of neighborhood or sub-area boards who are themselves selected by neighborhood or area residents.

(iv) Selection, on a small area basis (such as a city block), of representatives who in turn select members for a community-wide board.

(v) Selection of representatives by existing organizations whose membership is predominately composed of poor persons.

(3) Representatives of Private Groups and Interests

(A) Private Nonprofit Entities

(i) The entity shall select persons representing the private sector to serve on the board or it may select private sector organizations from which representatives of the private sector would be chosen to serve on the board. Law enforcement representatives are included in this group.

(B) Public Organizations

(i) The public organization may select persons representing the private sector to serve on the board or it may select private sector organizations from which representatives of the private sector would be chosen to serve on the board.

(ii) The individuals and/or organizations representing the private sector shall be selected in such a manner as to assure that the board will benefit from broad community involvement.

(iii) The board composition for the private sector shall draw from officials or members of business, industry, labor, religious, education, law enforcement, and other major groups and interests in the community served.

(4) Permanent Representatives and Alternates

(A) Private Nonprofit Entities

(i) The public officials selected by a private non profit entity to serve on the board may each choose one permanent representative to serve on the board in either a full-time capacity or in place of a public official whenever the public official is unable to attend a meeting.
(ii) The representative need not be a public official but shall have full authority to act for the public official at meetings of the board.
(iii) Permanent representatives may hold an officer position on the board.
(iv) If a permanent representative is not chosen, then an alternate may be designated by the public official selected to serve on the board.
(v) Alternates may not hold an officer position on the board.

(B) Public Organizations

(i) The public officials selected by a public organization to serve on the board may each choose one permanent representative to serve on the board (or other governing body) in either a full-time capacity or in place of a public official whenever the public official is unable to attend a meeting.
(ii) The representative need not be a public official but shall have full authority to act for the public official at meetings of the board.
(iii) Permanent representatives may hold an officer position on the board.
(iv) If a permanent representative is not chosen, then an alternate may be designated by the public official selected to serve on the board or by the public organization.
(v) Alternates may not hold an officer position on the board. If the entity or board chooses to allow alternates, alternates for low-income representatives shall be elected at the same time and in the same manner as the board representative is elected to serve on the board.
(vi) Alternates for representatives of private sector organizations may be designated to serve on the board and should be selected at the same time the board representative is selected.
(vii) In the event that the board member or alternate ceases to be a member of the organization represented, he/she shall no longer be eligible to serve on the board.
(viii) Alternates may not hold an officer position on the board.

(5) Powers of the Board

(A) Private Nonprofit Entities

(i) The board is responsible for abiding by the terms of contracts and shall determine the policies of the agency to assure accountability for public funding.
(ii) The board shall function as the organization's governing body with the same legal powers and responsibilities as the board of directors of any nonprofit corporation.
(iii) In the event of a conflict between the powers and responsibilities required of all nonprofit corporations and those required by the CSBG Act, this rule, and the contract, the latter shall control.

(B) Public Organizations

(i) The powers, duties, and responsibilities of the board shall be determined by the governing officials of the political subdivision.
(ii) The governing officials may establish: (1) an advisory board, in which case the authority given to the advisory board depends on the powers delegated to it by the governing officials of the political subdivision; or (2) a governing board, empowering the board of directors with substantive decision-making authority and delegating the powers, duties, and responsibilities to carry out its CSBG-supported contract and functions.

(6) Residence Requirement

(A) All board members shall reside within the contractor's CSBG service area designated by the CSBG contract.

(B) Board members should be selected so as to provide representation for all geographic areas within the designated service area;

(i) however, greater representation may be given on the board to areas with greater poverty population.

(ii) Low-income representatives must reside in the area that they represent.

(7) Limitations of Board Service

(A) Private Nonprofit Entities

(i) Public officials, or their representatives, serve at the pleasure of the board as long as the public official remains in office.

(ii) Low-income representatives and representatives of private organizations also serve at the pleasure of the board.

(B) Public Organizations

(i) Board members serve at the pleasure of the public organization, or at the pleasure of the board if the board is so empowered by the public organization.

(ii) Public officials, or their representatives, may not serve on the board as a public official representative after relinquishing their elective or appointive office.

(iii) The board may petition the designating governmental body for removal of a board member.

(C) Low-income representatives and representatives of private organizations may serve up to five consecutive years but not more than a total of ten years. After five consecutive years, these representatives may not serve on the board in any capacity for one full year, after which they may serve another five consecutive years, for a total of ten years.

(8) Board Size

(A) The board shall consist of at least fifteen (15) but not more than fifty-one (51) members.

(9) Quorum

(A) A quorum shall consist of at least fifty (50%) percent of the <u>non-vacant</u> board positions. A motion may be adopted only if it receives the votes of at least a majority of the members present at a properly called meeting where there is a quorum present.

(B) Members represented by proxy (if the articles of incorporation or by-laws allow proxies) may not be counted toward a quorum.

(10) Vacancies

(A) All board vacancies shall be filled as soon as reasonably possible.

(B) In no event shall the board allow 25% or more of either the public or poverty sector board positions to remain vacant for more than 90 days.

(C) CSBG subrecipients shall report to the Department, on their monthly performance reports, the number of board vacancies by sector.

(D) Compliance with the CSBG Act requirements for board membership is a condition for eligible entities to receive CSBG funding, and there is no provision in the Act for a waiver or exception to these requirements.

(11) Removal of Board Members

(A) Private Nonprofit Entities

(i) Public officials, or their representatives, may be removed from the board by the board or by the entity that appointed them to serve on the board.

(ii) Other members of the board may be removed by the board or pursuant to any procedure provided in the entity's articles of incorporation or by-laws.

(B) Public Organizations

(i) Board members may be removed from the board by the public organization, or by the board if the board is so empowered by the public organization.

(ii) The board may petition the public organization to remove a board member or the public organization may delegate the power of removal to the board.

(12) Compensation

(A) Board members are not entitled to compensation for their service on the board. Reimbursement of reasonable and necessary expenses incurred by a board member in carrying out his/her duties is allowed.

(13) Conflict of Interest

(A) No board member may participate in the selection, award, or administration of a subcontract supported by CSBG funds if:

(i) the board member,

(ii) any member of his/her immediate family (as defined in the CSBG contract),

(iii) the board member's partner, or

(iv) any organization which employs or is about to employ any of the above, has a financial interest in the firm or person selected to perform a subcontract.

(B) No employee of the local CSBG subrecipient nor of the Department may serve on the board.

(14) Improperly Constituted Board

(A) If the Department determines that a board of an eligible entity is improperly constituted, the Department shall prescribe the necessary remedial action which many include termination of funding.

§5.11 Meeting Requirements of Boards of Eligible Entities

(a) The boards of CSBG eligible entities shall meet at least every ten (10) weeks.

(1) As CSBG eligible entities have been added to the list of covered agencies, meetings and proceedings of the same shall be in compliance with the Texas Open Meetings Act (Texas Government Code, Section 551.001 *et. seq.*) and with the Public Information Act (Texas Government Code, Section 552 *et seq*.).

(2) In general, meetings of governmental bodies must be open to the public, except for expressly authorized executive sessions, and the public must be given notice of the time, place, and subject matter of such meetings.

(3) The Open Records Act is required by Section 11 of the CSBG contract.

(4) As of September 1, 2001, it is also required by state law.

(b) Meetings of the Board

(1) Written notice of the date, time, place, and proposed agenda of any regular, special, or called meeting of the Board shall be given to each board member at least five (5) days in advance of the meeting.

(2) Notice of all meetings shall also be given to the general public through local public postings, which may include written notification in courthouses or other public places or publication in a newspaper.

(3) Notices to the general public shall be posted in readily accessible areas at least 72 hours before the scheduled time of the meeting. Because service areas identified in Texas CSBG-

supported contracts are limited to small portions of the state, it is not a requirement for local entities to publicize the board meeting notices in the Texas Register.

(4) Except as specifically provided below, every regular, special, or called meeting of the board shall be open to the public.

(5) Closed or executive sessions of the board may be held for the following purposes:

(A) Consultation between the board and its attorney in those instances in which the board seeks the attorney's advice with respect to pending or contemplated litigation, settlement offers, and other matters where the duty of the attorney to his client requires confidentiality.

(B) Discussion with respect to the purchase, exchange, lease, or value of real property, negotiated contracts, and prospective gifts or donations to the organization, when such discussion, if made public, would have a detrimental effect on the negotiating position of the organization.

(C) Discussion with respect to matters involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an officer or employee or to hear complaints or charges against such officer or employee, unless such officer or employee requests a public session.

(D) Discussion with respect to any matter specifically made confidential by law or regulation.

(E) Any other exception available by state law.

(F) Whenever any deliberation or any portion of a meeting is closed to the public as permitted above, no final action, decision, or vote with regard to that matter shall be made except in a meeting open to the public.

(c) Minutes

(1) The board shall keep written minutes of each open meeting that include a record of the members present by category, items presented to the board for action, and the votes on all motions. Minutes of the previous meeting shall be distributed to board members before the next meeting. The minutes shall be made available to the public upon request in accordance with the Open Records Act.

(2) Each CSBG eligible entity shall comply with these provisions. If necessary, the eligible entity's by-laws and articles of incorporation shall be amended to reflect compliance with these requirements described above. Upon the failure of a CSBG eligible entity to comply with these requirements, the Department may take any one or more of the following actions:

(A) Deny the eligible entity’s requests for advances and place it on a reimbursement payment basis until proof of compliance with these requirements is received by the Department;

(B) Withhold all payments from the eligible entity (both reimbursements and advances) until proof of compliance with these requirements is received by the Department;

(C) Suspend performance of the CSBG contract until proof of compliance with these requirements is received by the Department; or

(D) Terminate the CSBG contract.

(d) Section 551.001(3) (J) Government Code, as it relates to compliance with the Open Meetings Act and the Public Information Act, includes a nonprofit corporation that is eligible to receive funds under the CSBG program and is authorized by the Department to serve a geographic area of the state, among its list of defined governmental bodies.

§5.12 Monitoring of Eligible Entities

(a) The Department will conduct monitoring reviews to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of the CSBG program. The Department will conduct the following reviews of eligible entities:

(1) A full onsite review of each such entity at least once during each 3-year period.

(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

(3) Follow-up reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the Department.

(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under the CSBG Act) terminated for cause.

(b) Requests.--The Department may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

(c) Evaluations by the Secretary.--The Secretary shall conduct in several States in each fiscal year evaluations including investigations of the use of CSBG funds.

(d) The Department may place an eligible entity on a reimbursement method of payment, terminate the contract, or invoke other remedies in the event monitoring or other reliable sources reveal material deficiencies in performance or of the entity fails to correct any deficiency within the time allowed by federal or state law.

§5.13 Limitations on Use of Funds

(a) Construction of Facilities.

(1) CSBG funds may not be used for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) or any building or other facility.

(2) Waiver.--The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

(b) Political Activities.

(1) Treatment as a state or local agency.--For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under the CSBG Act and receives assistance under CSBG Act shall be deemed to be a State or local agency.

(2) Prohibitions.--Programs assisted under the CSBG Act shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with--

(A) any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;

(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

(C) any voter registration activity.

§5.14 Client Income Guidelines

(a) The Department has defined eligibility for CSBG assistance at 125% of the poverty income guidelines provided annually by the Secretary, as per the CSBG Act.

(b) The Department will use the following lists of included and excluded income to determine eligibility for the program.

(1) Included Income

(A) Temporary Assistance for Needy Families (TANF),

(B) Money, wages and salaries before any deductions;

(C) Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses),

(D) Regular payments from social security,

(E) Railroad retirement,

(F) Unemployment compensation,

(G) Strike benefits from union funds,

(H) Worker's compensation,

(I) Veteran's payments,

(J) Training stipends,

(K) Alimony,

(L) Military family allotments,

(M) Private pensions,

(N) Government employee pensions (including military retirement pay),

(O) Regular insurance or annuity payments; or

(P) Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) Excluded Income

(A) Social Security Disability Insurance (SSDI) payments,

(B) Supplemental Security Income (SSI) payments,

(C) Capital gains; any assets drawn down as withdrawals from a bank,

(D) The sale of property, a house, or a car,

(E) One-time payments from a welfare agency to a family or person who is in temporary financial difficulty,

(F) Tax refunds, gifts, loans, and lump-sum inheritances,

(G) One-time insurance payments, or compensation for injury,

(H) Non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits,

(I) Food or housing received in lieu of wages,

(J) The value of food and fuel produced and consumed on farms,

(K) The imputed value of rent from owner-occupied non-farm or farm housing,

(L) Federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches,

(M) Housing assistance and combat zone pay to the military,
(N) College scholarships, Pell and other grant sources, assistantships, fellowships and work study, or
(N) Child Support Payments.

§5.15 Program Administration

Upon Executive approval, CSBG subrecipients shall enter into and execute an agreement for the receipt of CSBG funds.

(1) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to the CSBG contract.
(2) The Department reserves the right to deobligate funds.
(3) 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 a full accounting of funds expended under the terms of the contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the subrecipient.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Approval of modification of draft rules for publication and public comment for Title 10 Texas Administrative Code §1.17 regarding Alternative Dispute Resolution.

Required Action

Approve, reject or approve with modifications the suggested revisions to the rules governing the the ADR process under Title 10 Texas Administrative Code §1.17.

Background

The revisions to the ADR policy encourage the earlier use of ADR. In addition, the changes alter the suggested purposes of ADR. Other revisions clarify the role of the Dispute Resolution Coordinator as the primary contact within the Department as well as the decision maker in the initial referral rather than other Department staff. The changes encourage the use of the State Office of Administrative Hearings as an alternative for a mediator. The most significant change is that if used during an appeal process before the Board hears the matter, the Executive Director will abide by an agreed upon solution, although the Board could still act upon the decision.

Recommendation

Staff recommends the Board approve the Draft rule regarding ADR under §1.17 for publication to receive public comment and conduct the consolidated public hearings with the other applicable rules and allow staff to make changes to these rules, where applicable, to be consistent with other rules being approved at this Board meeting.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
RULE 1.17. ALTERNATIVE DISPUTE RESOLUTION AND NEGOTIATED RULEMAKING

(a) Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the appropriate use of Alternative Dispute Resolution ("ADR") procedures to assist in the fair and expeditious resolution of internal and external disputes involving the Department and the use of negotiated rulemaking procedures for the adoption of Department rules. While ADR may be requested at any appropriate time, the Department encourages the use of ADR, where possible, to develop a full understanding of issues for use by the Department in resolving issues prior to posted Board action or statutory deadlines. ~~T~~This rule is intended to be consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). The Department's ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies. (§2306.082(b), Texas Government Code).

(b) Definitions. For purposes of this rule, terms used herein shall have the following meaning:

(1) "Alternative Dispute Resolution" or "ADR"--a procedure or combination of procedures that uses an impartial third party to assist individuals in voluntarily resolving disputes, including procedures described in Sections 154.023-154.027, Civil Practice and Remedies Code. (§2009.003(1), Governmental Dispute Resolution Act). The Governmental Dispute Resolution Act does not grant the Department authority to engage in binding arbitration. (§2009.005(c)).

(2) "Mediation"--a dispute resolution procedure in which an impartial person, the mediator, facilitates communication between the parties to promote resolution of the dispute. The mediator may not impose his or her own judgment on the issues for that of the parties. (§154.023(a) and (b), Civil Practice and Remedies Code).

(3) "Impartial third party"--A person who meets the qualifications and conditions of §2009.053, Governmental Dispute Resolution Act.

(c) Dispute Resolution Coordinator—A trained person designated by the Executive Director ~~shall designate a trained person~~ to:

(1) Coordinate the implementation of the Department's policy on ADR and negotiated rulemaking;

(2) Serve as a resource for any training needed to implement procedures for ADR or negotiated rulemaking; and

(3) Collect data concerning the effectiveness of ADR and negotiated rulemaking, as implemented by the Department.

(d) Informal Communications; Ex Parte Policy; Appeals; Education.

(1) The Department encourages informal communications between Department staff and applicants for Department programs, and other interested persons, to exchange information and informally resolve disputes. When applications are pending consideration by the Department, applicants should review the Department's ex parte communications policy to ensure their compliance with the policy.

(2) The Department has promulgated rules in accordance with §2306.0321 and §2306.6715, Texas Government Code, concerning administrative appeals processes. ADR procedures supplement and do not limit any available procedure for the resolution of disputes. (§2009.052(a), Governmental Dispute Resolution Act). Pursuing an ADR procedure does not suspend or delay application, appeal, or other deadlines. For example, if a tax credit applicant desires to appeal a Department decision using the procedures promulgated under §2306.6715 and also desires to pursue an ADR procedure, the applicant may independently pursue the two procedures. Each procedure will proceed independently of the other.

(3) Consistent with this ADR and Negotiated Rulemaking policy, the Department shall endeavor to educate its staff and persons who are subject to the Department's jurisdiction concerning the availability of ADR and negotiated rulemaking procedures to resolve disputes and to adopt rules.

(e) ADR Procedure.

(1) Assessment of the Dispute. In determining whether an ADR procedure is appropriate, the parties to the dispute, including the Department, should consider the following factors:

(A) direct discussions and negotiations between the parties have been unsuccessful and/or the parties believe there is a misunderstanding involving the facts or interpretations that or could be improved with the assistance of an ~~Iimpartial Tthird Pparty~~Impartial Third Party;

(B) the use of ADR potentially could ~~would~~ use less resources and take less time than other available procedure there is a reasonable likelihood that the use of ADR will result in an agreement to resolve the dispute;

(C) there is a reasonable likelihood that the use of ADR will result in an agreement to resolve the dispute and there are potential remedies or solutions that are only available through ADR; ~~and~~ and/or

(D) the need for a final decision with precedential value is less important than other considerations. The parties may also consider additional factors found in the State Office of Administrative Hearings' ADR Model Guidelines for assessing whether a dispute is appropriate for mediation.

(2) Proposing the Use of ADR. Any applicant for Department programs or other interested person may propose the use of an ADR procedure to attempt to resolve a dispute with the Department by submitting a written ADR proposal to the Department's Dispute Resolution Coordinator at the address or fax number listed on the Department's website (fax: (512) 475-3978), with copies sent to any other parties to the dispute.

(3) ADR Proposal. If at any time an applicant for Department programs or other interested person would like to engage in an ADR procedure with the Department, the person may submit by letter a written ADR proposal to the Department's Dispute Resolution Coordinator stating the nature of the dispute, the parties involved, any pertinent or impending deadlines, whether all parties agree to refer the dispute to ADR, proposed times and locations, the preferred type of ADR procedure, and, if known, one or more potential impartial third parties. ~~For example, an ADR proposal may propose that a dispute be mediated using a trained, impartial third party state employee from a state pool of ADR trained employees at no cost to the parties or other qualified mediator agreeable~~

~~to all parties at the shared cost of the parties; that the mediation take place in person at the Department or other mutually agreeable place or by telephone; and that it be scheduled for three hours on an agreed date within seven days.~~ If an applicant or other interested person is uncertain whether to propose the possible use of ADR or is uncertain about any particular aspect of a possible proposal, they should contact the Department's Dispute Resolution Coordinator to discuss the matter.

(4) Action on ADR Proposal. The Dispute Resolution Coordinator shall provide the Department a copy of ~~will review~~ the ADR proposal for review, discuss it with the interested parties, as appropriate, and assess whether ADR would assist in fairly and expeditiously resolving the dispute. If the parties, including the Department, cannot agree on whether an ADR procedure should be used or on the particulars of the ADR procedure, the Dispute Resolution Coordinator ~~Department~~ will notify affected parties of that outcome. The Dispute Resolution Coordinator ~~Department~~ will promptly notify all affected parties within five (5) days of receiving an ADR proposal, or as soon as reasonably possible if a pertinent or impending deadline is indicated in the ADR proposal. If the Dispute Resolution Coordinator ~~Department~~ determines not to refer the dispute to ADR, the Dispute Resolution Coordinator ~~Department~~ shall state the reasons in writing. If the Dispute Resolution Coordinator ~~Department~~ determines to refer the dispute to ADR, ~~it~~ they will include the date for the selected ADR process in its notice. ~~In referring the case to ADR, the Department will carefully consider the selections in the ADR proposal and follow them as much as is appropriate.~~

(5) Department Proposal. Independent of any proposal from interested parties outside the Department, the Department may propose using ADR procedures to interested parties to try and resolve a dispute.

(f) Selection of Impartial Third Parties. An ~~Iimpartial Tthird Pparty~~Impartial Third Party must possess the qualifications required under §154.052, Civil Practice and Remedies Code (a minimum of 40 classroom hours of training in dispute resolution techniques), is subject to the standards and duties prescribed by §154.053, Civil Practice and Remedies Code, and has the qualified immunity prescribed by §154.055, Civil Practice and Remedies Code, for volunteer third parties not receiving compensation in excess of expenses, if applicable. (§2009.053(d) Governmental Dispute Resolution Act). The selection of an ~~Iimpartial Tthird Pparty~~Impartial Third Party is subject to the approval of the parties to the dispute. If the parties do not suggest potential third parties, the Dispute Resolution Coordinator ~~Department~~ will provide a list of potential third parties from which to choose or elect to use personnel of the State Office of Administrative Hearings. If all parties agree to use an impartial third party who charges for ADR services, then the costs for the impartial third party shall be apportioned equally among all parties, unless otherwise agreed by the parties.

(g) Good faith; Voluntary Agreement; Public Information. All parties participating in an ADR procedure are expected to do so in a good faith effort to reach agreement. All parties participating must have the authority to ~~enter into~~ reach an agreement to ~~resolve~~ make a final recommendation to resolve the dispute. The Executive Director will abide by an agreed upon solution to the dispute and either approve that agreement or offer that recommendation to the Board. if Board authorization is needed. The decision to reach agreement is voluntary. If the parties reach a resolution and execute a written agreement, the agreement is enforceable in the same manner as any other written agreement of the same nature with the State. A written agreement to which the Department is a signatory resulting from an ADR procedure must be approved by the appropriate authority and is subject to the Public Information Act, Chapter 552, Texas Government Code.

(h) Confidentiality of Records and Communications. The confidentiality of the communications, records, conduct, and demeanor of an impartial third party and parties in an ADR procedure are governed by §2009.054 of the Governmental Dispute Resolution Act.

(i) Negotiated Rulemaking.

(1) The Negotiated Rulemaking Act, Chapter 2008 of the Texas Government Code, prescribes procedures for negotiated rulemaking including appointment of a convener; publishing notice of proposed negotiated rulemaking and requesting comments on the proposal; appointing a negotiated rulemaking committee; appointing an impartial third party facilitator; and proposing the resulting draft rule for public comment.

(2) Any person or organization that would like for the Department to use negotiated rulemaking for the adoption of a Department rule may submit a proposal to the Department's Dispute Resolution Coordinator. The proposal should identify the rule

proposed for negotiated rulemaking; potential participants for the negotiated rulemaking committee, possible third party facilitators, and a timeline for the process. The Department will promptly respond to the proposal. The Department may also on its own propose to use negotiated rulemaking. In determining whether a proposed negotiated rulemaking is appropriate in a particular situation, the Department and interested parties may consider any relevant factors, including:

(A) The number of identifiable interests that would be significantly affected by the proposed rule;

(B) The probability that those interests would be adequately represented in a negotiated rulemaking;

(C) The probable willingness and authority of the representatives of affected interests to negotiate in good faith;

(D) The probability that a negotiated rulemaking committee would reach a unanimous or a suitable general consensus on the proposed rule;

(E) The probability that negotiated rulemaking will not unreasonably delay notice and eventual adoption of the proposed rule;

(F) The adequacy of agency and citizen resources to participate in negotiated rulemaking;

(G) The probability that the negotiated rulemaking committee will provide a balanced representation among all interested and affected parties. (§2008.052(d) Negotiated Rulemaking Act). If the Department decides to proceed with a negotiated rulemaking, it shall follow the process outlined in Chapter 2008 of the Texas Government Code.

(3) The Department may also use less formal procedures such as working groups, information exchanges, or policy dialogues (see State Office of Administrative Hearings, ADR Model Guidelines) facilitated by a Department employee or a third party to seek the input or consensus, as appropriate, of interested persons and organizations when drafting proposed rules for public comment.

(j) Shared Third Parties. The Department may participate in intergovernmental efforts to share qualified government employees to act as impartial third parties and may agree to reimburse the furnishing entity in kind or monetarily for the full or partial cost of providing the qualified, impartial third party. (§2009.053(b), Governmental Dispute Resolution Act).

(k) Board Waiver. The Governing Board of the Department may waive, in its discretion and to the extent of its authority, 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.

BOARD ACTION SUMMARY

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Action Items

1. Proposed Draft 2007 Qualified Allocation Plan and Rules to be published for public comment.

2. Proposed repeal of the 2005 Qualified Allocation Plan and Rules.

Required Action

Approve, or approve with amendments, the 2007 Draft Qualified Allocation Plan and Rules, to be published for public comment. Approve the proposed repeal of the 2005 Qualified Allocation Plan and Rules.

Background

Attached behind this Board Action Item is the 2007 Draft Qualified Allocation Plan and Rules ("Draft QAP") which reflects staff's recommendations for revisions to the 2006 QAP for the Board's consideration. The document is shown as a "blackline" of the 2006 QAP – additions are shown as underlined text and deletions are shown as marked through text.

The 2007 Draft QAP being recommended by staff further ensures compliance with all statutory requirements, incorporates some initial public input, and includes recommendations for revisions of necessary policy and administrative changes to further enhance the Housing Tax Credit Program's operation.

Summary of Significant Recommendations from Staff

This section outlines some of the most significant recommendations being made by staff. Other revisions, details of revisions, formatting adjustments, and streamlining are not summarized, but are reflected in the attached Draft QAP. Citation references are to the numbered sections of the 2007 Draft QAP.

1. **§49.3 – Definitions (Pages 2-11 of 68).** Definitions are being added or substantially revised for the following terms to bring greater clarity to the meanings and concepts utilized or to create definitions for terms now added in other sections of the QAP: Area, Community Revitalization Plan, Competitive Housing Tax Credits, Development Site, Existing Residential Development, New Construction, Reconstruction, Rehabilitation, and Unit.

2. **§49.3(13) – Definition for At-Risk (Pages 3-4 of 68).** This definition was modified to specify that a Development must be at-risk of losing all affordability from any of the financial benefits available on the Development to meet the definition of At-Risk.

3. **§49.3(52) – Definition for Ineligible Building Types (Pages 6-7 of 68).** In 2006, this definition allowed 5% of the Units in a Development to be comprised of 4 Bedrooms. It has been revised to

be consistent with the 1, 2, and 3 Bedroom restrictions which allow an increase above this percentage to reach the next highest number divisible by four.

4. **§49.6(g) – Limitations of Development in Certain Census Tracts. (Page 16 of 68).** This new section is proposed to limit over-saturation of affordable units by restricting new construction of Developments located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as determined by the U.S. Census Bureau for the most recent Decennial Census unless the governing body of the appropriate municipality or county containing the development specifically allows the award of tax credits in the form of a resolution. Based on the current data available, of the 1,010 census tracts in the state, only 55 census tracts would fall in this category. These 55 tracts are highlighted in the attached "§49.6(g) Census Tracts 2007 HTC Site Demographic Characteristics Report," (the "report"). Please note this report is presented only for informational purposes. The report reflects data accurate as of the date of this posting. The report and updated data will be posted to the Department's website monthly. Applicants will be evaluated pursuant to this section utilizing the report and corresponding data in effect as of March 1, 2007 for competitive HTC applications or for tax-exempt bond applications, at the time Volume 1 is submitted.

5. **§49.6(h)(2) – Limitations on Developments Proposing to Qualify for a 30% Increase in Eligible Basis (Page 16 of 68).** This new section is proposed to limit over-saturation of affordable units in Qualified Census Tracts (QCTs). Pursuant to §42(d)(5)(C) of the Internal Revenue Code, developments located in QCTs are allowed to receive a 30% increase in Eligible Basis ("30% increase"). This new section prohibits the 30% increase for developments proposing new construction in QCTs which have more than 40% Housing Tax Credit Units per total households in the census tract as determined by the U.S. Census Bureau for the most recent Decennial Census. Based on current data available, of the 310 QCTs in the state, only 18 will be ineligible for the 30% boost pursuant to this section. These 18 tracts are highlighted in the attached "§49.6(h) QCTs 2007 HTC Site Demographic Characteristics Report," (the "report"). Please note this report is presented only for informational purposes. The report reflects data accurate as of the date of this posting. The report and updated data will be posted to the Department's website monthly. Applicants will be evaluated pursuant to this section utilizing the report and corresponding data in effect as of March 1, 2007 for competitive HTC applications or for tax-exempt bond applications, at the time the Volume 1 is submitted.

6. **§49.9(d)(4) – Administrative Deficiencies (Page 22 of 68).** Staff proposes to reduce the number of days an applicant has to respond to an administrative deficiency notice from five to three without a loss of points and from seven to five without a termination. This change is necessary to process applications in a more timely manner. Additional incentives are proposed which would encourage early deficiency submission.

7. **§49.9(d)(5)(C) – Distribution of Credits in Oversubscribed Regions. (Page 22 of 68).** This section provides clarification of how the Department will distribute housing tax credits among the Rural Regional Allocation and Urban/Exurban Regional Allocation within each Uniform State Service Region and among the set-asides when demand for the credits exceeds availability.

8. **§49.9(h)(4)(A) – Threshold: Minimum Number of Common Amenities for Rehabilitation and Single Room Occupancy (Pages 26-27 of 68).** In 2006, this section allowed developments proposing rehabilitation and single room occupancy to double the amount of points for unit

amenities selected. Staff proposes to instead award one and one half (1.5) times the amount of points in order to continue to incentivize rehabilitation while ensuring that tenants of rehabilitation developments enjoy ample amenities.

9. **§49.9(i)(2) – Selection: Quantifiable Community Participation (QCP) (Pages 39-41 of 68).** General revisions were made to this section to lessen the requirements for a neighborhood organization to submit a QCP letter by allowing certifications in lieu of certain documentation previously required and allow an additional alternative to being on record with the state.

10. **§49.9(i)(4)(B) – Selection: Unit Amenities for Rehabilitation and Single Room Occupancy (Pages 42-43 of 68).** In 2006, this section allowed developments proposing rehabilitation and single room occupancy to double the amount of points for unit amenities selected. Staff proposes to instead award one and one half (1.5) times the amount of points in order to continue to incentivize rehabilitation while ensuring that tenants of rehabilitation developments enjoy ample amenities.

11. **§49.9(i)(5) – Selection: The Commitment of Development Funding by Local Political Subdivisions (Page 42-43 of 68).** Revisions were made to require a total contribution based on the percentage of total development costs rather than a dollar amount. Additionally, staff is proposing that HOME funds no longer qualify for points under this section.

12. **§49.9(i)(10) – Selection: Rehabilitation or Reconstruction (Page 45 of 68).** This new scoring criteria has been added which awards seven (7) points to applications proposing to build solely rehabilitation or reconstruction.

13. **§49.9(i)(15) – Selection: Exurban Developments (Development characteristics) (Page 46 of 68).** In 2006, this section of the QAP awarded points to developments that proposed reconstruction or rehabilitation that will be financed, in part, by HOPE VI financing or HUD capital grant financing. The proposed draft adds §49.9(i)(10), which proposes points for reconstruction and rehabilitation. Therefore, staff proposes to delete the portion of this section that references reconstruction or rehabilitation because it is no longer necessary. Seven points will continue to be awarded to exurban developments.

Recommendation

Staff recommends that the Board repeal the 2005 Qualified Allocation Plan and Rules and approve the Draft 2007 Qualified Allocation Plan and Rules for publication to receive public comment.

Scoring Breakdown in Descending Order of Points for the Draft 2007 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	14 Max	Range of +14 to -14	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	Rehabilitation and Reconstruction	7	NA	NA
11	Housing Needs	7	NA	42(m)(1)(C)(ii)
12	Existing Housing with Revitalization	7	NA	42(m)(1)(C)(iii)
15	Exurban Developments	7	NA	2306.6725(a)(4); 42(m)(1)(C)(i)
13	Pre-Application	6	NA	2306.6704
14	Development Location	4	NA	2306.6725(a)(4) and (b)(2); 2306.127; Rider 6 42(m)(1)(C)(i) and (vii)
16	Special Housing Needs Populations	4	NA	42(m)(1)(C)(v)
17	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)
18	Site Characteristics	4	Up to 4 points for positive amenities. Up to -5 points for negative features	NA
19	Development Size	3	NA	NA
21	Sponsor Characteristics	2	NA	42(m)(1)(C)(iv)
20	Location in QCT with Revitalization	1	NA	42(m)(1)(B)(ii)(III)
22	Right of First Refusal	1	NA	2306.6725(b) 42(m)(1)(C)(viii)
23	Leveraging of Private, State and Federal Funds	1	NA	2306.6725(a)(3)
24	Third Party Commitment Outside of QCT	1	NA	2306.6710(e)(1)
25	Penalties	NA	Range	2306.6710(b)(2)

Maximum Number of Points Possible: 215

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Number of Units by Census Tract
Area Type: 1=Urban, 2=Exurban, 3=Rural

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Houston	Harris	48201331000	248	12400.0%	1	No
Fort Worth	Tarrant	48439103100	404	152.5%	1	Yes
San Antonio	Bexar	48029152000	240	125.7%	1	Yes
Dallas	Dallas	48113010000	450	125.0%	1	Yes
Dallas	Dallas	48113016605	1202	110.8%	1	Yes
Fort Worth	Tarrant	48439106600	648	79.6%	1	No
Laredo	Webb	48479000400	165	73.7%	1	Yes
Houston	Harris	48201240200	582	73.6%	1	No
Houston	Harris	48201331400	681	72.7%	1	Yes
Grand Prairie	Dallas	48113016100	605	68.5%	2	Yes
Dallas	Dallas	48113006301	1076	67.5%	1	No
San Antonio	Bexar	48029151900	530	61.3%	1	Yes
Brownsville	Cameron	48061012610	184	59.9%	1	No
Denton	Denton	48121021200	1438	54.0%	2	Yes
Houston	Harris	48201422200	1190	53.2%	1	Yes
Port Arthur	Jefferson	48245007001	1242	52.8%	1	Yes
Houston	Harris	48201222700	677	52.2%	1	Yes
San Antonio	Bexar	48029161200	280	51.4%	1	No
Austin	Travis	48453002201	250	48.3%	1	No
Austin	Travis	48453002312	528	47.1%	1	Yes
Austin	Travis	48453002110	441	46.3%	1	No
Arlington	Tarrant	48439111543	541	45.0%	1	No
Dallas	Dallas	48113012302	814	44.4%	1	Yes
Tyler	Smith	48423000700	479	43.5%	1	Yes
South Houston	Harris	48201321500	307	43.1%	2	Yes
Houston	Harris	48201550100	650	41.7%	1	Yes
DeSoto	Dallas	48113016605	438	40.4%	2	Yes
Dallas	Dallas	48113012208	349	39.6%	1	Yes
Houston	Harris	48201331200	413	39.1%	1	Yes
Dallas	Dallas	48113003901	264	38.2%	1	Yes
Irving	Dallas	48113014802	169	38.1%	2	No
San Antonio	Bexar	48029121404	624	38.0%	1	Yes
Houston	Harris	48201410100	255	37.6%	1	Yes
Houston	Harris	48201221400	603	37.4%	1	Yes
Austin	Travis	48453002413	325	37.3%	1	Yes
Abilene	Taylor	48441010200	220	36.7%	1	Yes
Brownwood	Brown	48049950600	332	36.0%	3	Yes
Houston	Harris	48201230600	338	36.0%	1	Yes
Dallas	Dallas	48113001600	476	35.9%	1	Yes
McKinney	Collin	48085030900	641	35.8%	2	Yes
Conroe	Montgomery	48339693400	506	35.8%	2	Yes
Houston	Harris	48201232500	244	34.0%	1	No
San Antonio	Bexar	48029170800	176	34.0%	1	Yes
Lancaster	Dallas	48113016703	422	33.8%	2	No
Houston	Harris	48201222600	496	33.6%	1	Yes
Houston	Harris	48201222200	326	32.7%	1	No
Houston	Harris	48201550800	238	32.6%	1	No
Corpus Christi	Nueces	48355005000	163	32.5%	1	Yes

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Dallas	Dallas	48113008604	256	32.3%	1	Yes
Dallas	Dallas	48113007809	386	31.9%	1	No
Austin	Travis	48453002202	390	31.7%	1	Yes
Dallas	Dallas	48113003500	275	31.6%	1	Yes
Temple	Bell	48027020900	181	31.4%	1	Yes
Cleburne	Johnson	48251130800	366	30.4%	2	Yes
Georgetown	Williamson	48491021402	343	30.1%	2	Yes
Waxahachie	Ellis	48139060500	250	30.1%	2	No
Fort Worth	Tarrant	48439111013	248	29.7%	1	No
San Antonio	Bexar	48029130800	408	29.7%	1	Yes
Odessa	Ector	48135001800	248	29.6%	1	Yes
San Antonio	Bexar	48029110600	350	29.4%	1	Yes
Fort Worth	Tarrant	48439103300	168	29.3%	1	Yes
Dallas	Dallas	48113007818	824	29.1%	1	Yes
Amarillo	Potter	48375011100	218	29.0%	1	No
Beaumont	Jefferson	48245000103	315	29.0%	1	Yes
Dallas	Dallas	48113011401	385	28.9%	1	Yes
Dallas	Dallas	48113016902	280	28.9%	1	No
Fort Worth	Tarrant	48439101800	167	28.8%	1	Yes
Houston	Harris	48201530700	428	28.0%	1	Yes
San Angelo	Tom Green	48451000500	160	27.8%	1	Yes
Brownsville	Cameron	48061012608	250	27.7%	1	No
Dallas	Dallas	48113006002	376	27.7%	1	Yes
Dallas	Dallas	48113010901	696	27.6%	1	No
Dallas	Dallas	48113005902	360	27.5%	1	Yes
Houston	Harris	48201552600	580	27.4%	1	No
Brownsville	Cameron	48061013106	332	27.0%	1	Yes
Dallas	Dallas	48113015900	200	27.0%	1	Yes
Houston	Harris	48201313800	406	26.7%	1	Yes
Houston	Harris	48201453300	250	26.7%	1	No
Houston	Harris	48201330800	240	26.6%	1	No
Hitchcock	Galveston	48167723700	214	26.6%	2	No
Dallas	Dallas	48113008701	400	26.2%	1	Yes
Houston	Harris	48201330400	280	26.1%	1	No
Terrell	Kaufman	48257050500	336	26.0%	3	Yes
Houston	Harris	48201231200	454	25.5%	1	Yes
Alvin	Brazoria	48039661100	178	25.5%	2	No
Pasadena	Harris	48201342200	489	25.3%	2	No
Midland	Midland	48329001700	250	25.3%	1	Yes
Austin	Travis	48453002308	502	25.2%	1	Yes
Dallas	Dallas	48113012100	322	25.2%	1	No
Houston	Harris	48201533400	574	25.1%	1	Yes
El Paso	El Paso	48141004105	314	24.3%	1	No
Mesquite	Dallas	48113018130	356	24.3%	2	No
Dallas	Dallas	48113009804	553	24.2%	1	Yes
Austin	Travis	48453002311	655	23.9%	1	Yes
Dallas	Dallas	48113010704	264	23.8%	1	Yes
Arlington	Tarrant	48439121902	702	23.7%	1	Yes
Dallas	Dallas	48113000800	482	23.5%	1	No
Pasadena	Harris	48201323900	264	23.1%	2	Yes

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Austin	Travis	48453002313	376	22.8%	1	No
Houston	Harris	48201533200	358	22.7%	1	Yes
San Marcos	Hays	48209010500	206	22.6%	2	Yes
Abilene	Taylor	48441010300	124	22.6%	1	Yes
San Antonio	Bexar	48029150800	200	22.4%	1	Yes
Austin	Travis	48453001835	360	22.4%	1	No
Longview	Gregg	48183001100	260	22.3%	1	Yes
Arlington	Tarrant	48439111523	520	22.2%	1	No
Edinburg	Hidalgo	48215023700	330	21.8%	1	Yes
Houston	Harris	48201531900	244	21.7%	1	Yes
Dallas	Dallas	48113011601	240	21.6%	1	No
Dallas	Dallas	48113010701	200	21.5%	1	Yes
Galveston	Galveston	48167724600	196	21.4%	2	Yes
Lubbock	Lubbock	48303000900	320	21.4%	1	Yes
Dallas	Dallas	48113009000	476	21.4%	1	Yes
Dallas	Dallas	48113009304	374	21.4%	1	Yes
Houston	Harris	48201350100	260	21.1%	1	No
San Antonio	Bexar	48029131200	230	21.0%	1	Yes
Fort Worth	Tarrant	48439110704	330	20.7%	1	No
Jacinto City	Harris	48201233400	160	20.6%	2	No
Dallas	Dallas	48113007201	588	20.6%	1	Yes
McAllen	Hidalgo	48215020503	324	20.5%	1	No
Dallas	Dallas	48113010802	426	20.4%	1	Yes
San Antonio	Bexar	48029141300	408	20.3%	1	No
Houston	Harris	48201220600	200	20.3%	1	Yes
Fort Worth	Tarrant	48439104605	310	20.3%	1	No
Dallas	Dallas	48113006900	243	20.3%	1	Yes
San Antonio	Bexar	48029180202	444	20.2%	1	No
Dallas	Dallas	48113010200	152	20.2%	1	Yes
Pharr	Hidalgo	48215021303	281	20.0%	1	Yes
Dallas	Dallas	48113010902	436	19.9%	1	Yes
Brownsville	Cameron	48061014001	189	19.8%	1	Yes
Houston	Harris	48201532900	326	19.7%	1	No
Dallas	Dallas	48113011200	250	19.7%	1	No
Fort Worth	Tarrant	48439106300	184	19.6%	1	Yes
Nacogdoches	Nacogdoches	48347951000	329	19.5%	3	Yes
Houston	Harris	48201220700	324	19.3%	1	Yes
Houston	Harris	48201550300	932	19.1%	1	No
Abilene	Taylor	48441011000	98	19.0%	1	Yes
Pasadena	Harris	48201323500	309	19.0%	2	Yes
Houston	Harris	48201240700	252	18.9%	1	No
Ennis	Ellis	48139061700	250	18.8%	3	No
Stafford	Fort Bend	48157671400	250	18.6%	2	No
Sherman	Grayson	48181001700	289	18.4%	2	No
McKinney	Collin	48085030800	525	18.4%	2	No
Houston	Harris	48201313900	260	18.3%	1	No
Houston	Harris	48201520400	158	18.1%	1	No
Austin	Travis	48453001842	248	18.0%	1	No
Fort Worth	Tarrant	48439102100	430	17.9%	1	No
Houston	Harris	48201533900	510	17.8%	1	No

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Austin	Travis	48453002411	240	17.6%	1	No
Fort Worth	Tarrant	48439101100	36	17.4%	1	Yes
Hillsboro	Hill	48217961000	132	17.4%	3	Yes
Fort Worth	Tarrant	48439113916	240	17.4%	1	No
Carrollton	Denton	48113013718	244	17.4%	2	No
San Antonio	Bexar	48029181602	336	17.3%	1	No
San Antonio	Bexar	48029161000	140	17.3%	1	Yes
San Marcos	Hays	48209010400	274	17.2%	2	No
Fort Worth	Tarrant	48439111005	280	17.1%	1	No
Plano	Collin	48085031803	351	17.0%	2	No
Wichita Falls	Wichita	48485011500	140	17.0%	1	No
Waco	McLennan	48309001200	200	17.0%	1	Yes
Waco	McLennan	48309001500	200	16.9%	1	Yes
Denton	Denton	48121020601	250	16.9%	2	Yes
Pharr	Hidalgo	48215021302	276	16.9%	1	No
Brownsville	Cameron	48061013401	151	16.9%	1	Yes
Gainesville	Cooke	48097990500	212	16.8%	3	Yes
Cleburne	Johnson	48251130900	156	16.8%	2	Yes
Houston	Harris	48201552200	248	16.7%	1	No
Houston	Harris	48201510200	196	16.7%	1	Yes
Houston	Harris	48201521200	355	16.6%	1	Yes
Houston	Harris	48201340100	216	16.5%	1	No
San Antonio	Bexar	48029171600	250	16.2%	1	Yes
San Antonio	Bexar	48029181505	280	16.2%	1	No
Austin	Travis	48453002105	340	16.1%	1	Yes
San Antonio	Bexar	48029171902	250	16.1%	1	No
Houston	Harris	48201455200	248	16.1%	1	No
The Woodlands	Montgomery	48339691300	620	16.1%	2	No
Austin	Travis	48453001908	160	16.0%	1	No
Houston	Harris	48201420200	161	15.9%	1	No
San Antonio	Bexar	48029161501	407	15.9%	1	Yes
Wichita Falls	Wichita	48485011600	210	15.8%	1	No
Austin	Travis	48453002108	196	15.8%	1	No
Lubbock	Lubbock	48303000302	316	15.8%	1	Yes
Terrell	Kaufman	48257050701	187	15.8%	3	No
Dallas	Dallas	48113006800	318	15.8%	1	No
San Antonio	Bexar	48029171700	371	15.8%	1	No
Texas City	Galveston	48167722700	230	15.8%	2	No
Houston	Harris	48201452600	312	15.4%	1	Yes
Corpus Christi	Nueces	48355005405	180	15.4%	1	No
El Paso	El Paso	48413950200	128	15.4%	1	No
DeSoto	Dallas	48113016619	180	15.3%	2	No
McKinney	Collin	48085030602	420	15.3%	2	No
Houston	Harris	48201220500	280	15.2%	1	Yes
Victoria	Victoria	48469000302	116	15.1%	1	No
Corpus Christi	Nueces	48355000700	200	15.1%	1	Yes
Fort Worth	Tarrant	48439110401	252	15.1%	1	No
El Paso	El Paso	48141001700	51	15.1%	1	Yes
Port Arthur	Jefferson	48245006500	200	15.0%	1	No
Fort Worth	Tarrant	48439105005	280	14.9%	1	No

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Pasadena	Harris	48201322900	182	14.9%	2	No
Beaumont	Jefferson	48245002200	150	14.9%	1	Yes
Keller	Tarrant	48439113911	250	14.9%	2	No
Midland	Midland	48329001400	160	14.8%	1	Yes
Garland	Dallas	48113018131	464	14.8%	2	No
Amarillo	Potter	48375013300	184	14.7%	1	No
Amarillo	Potter	48375011600	261	14.7%	1	No
Brownsville	Cameron	48061012504	223	14.7%	1	No
Houston	Harris	48201240300	216	14.7%	1	No
Houston	Harris	48201333300	276	14.6%	1	No
San Antonio	Bexar	48029151000	152	14.5%	1	No
Palestine	Anderson	48001950500	211	14.5%	3	Yes
Abilene	Taylor	48441010900	388	14.4%	1	No
Plano	Collin	48085031631	240	14.3%	2	No
Amarillo	Potter	48375012600	120	14.3%	1	No
Angleton	Brazoria	48039662100	248	14.3%	3	No
Grand Prairie	Dallas	48439113002	264	14.2%	2	No
College Station	Brazos	48041001700	392	14.2%	1	Yes
Houston	Harris	48201531800	99	14.2%	1	Yes
Fort Worth	Tarrant	48439100501	280	14.2%	1	Yes
Victoria	Victoria	48469001601	303	14.2%	1	No
Austin	Travis	48453001823	290	13.8%	1	No
Houston	Harris	48201553000	452	13.8%	1	No
Houston	Harris	48201350400	250	13.8%	1	No
Houston	Harris	48201231300	168	13.8%	1	Yes
Houston	Harris	48201453900	240	13.6%	1	No
Dallas	Dallas	48113008704	153	13.6%	1	Yes
Houston	Harris	48201532000	488	13.6%	1	Yes
Lufkin	Angelina	48005000500	208	13.4%	3	Yes
Georgetown	Williamson	48491021403	105	13.4%	2	No
Denison	Grayson	48181000501	176	13.3%	2	No
Austin	Travis	48453001847	240	13.3%	1	No
Houston	Harris	48201521500	251	13.2%	1	No
Corpus Christi	Nueces	48355000800	124	13.2%	1	Yes
San Antonio	Bexar	48029161302	140	13.1%	1	No
Houston	Harris	48201230200	248	13.1%	1	Yes
Grand Prairie	Dallas	48113015404	160	13.1%	2	No
Houston	Harris	48201220400	170	13.0%	1	Yes
Houston	Harris	48201310100	150	13.0%	1	Yes
The Woodlands	Montgomery	48339691500	216	13.0%	2	No
El Paso	El Paso	48141003502	186	12.9%	1	Yes
San Marcos	Hays	48209010301	495	12.8%	2	Yes
Dallas	Dallas	48113011500	188	12.8%	1	Yes
Dallas	Dallas	48113007819	264	12.7%	1	Yes
San Antonio	Bexar	48029181806	248	12.7%	1	Yes
Houston	Harris	48201310900	234	12.7%	1	Yes
Arlington	Tarrant	48439113111	350	12.6%	1	No
Dallas	Dallas	48113006100	196	12.6%	1	No
Baytown	Harris	48201254400	128	12.6%	2	No
Humble	Harris	48201250200	192	12.6%	2	No

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Harlingen	Cameron	48061010602	80	12.6%	1	No
Odessa	Ector	48135002000	120	12.6%	1	No
Rosenberg	Fort Bend	48157675100	252	12.4%	2	No
Euless	Tarrant	48439113514	260	12.4%	2	No
Mansfield	Tarrant	48439111305	280	12.3%	2	No
San Antonio	Bexar	48029110100	196	12.3%	1	Yes
Mission	Hidalgo	48215020100	336	12.3%	1	No
Fort Worth	Tarrant	48439104802	200	12.2%	1	Yes
Port Lavaca	Calhoun	48057990200	181	12.2%	3	No
Weatherford	Parker	48367140100	292	12.2%	3	No
Arlington	Tarrant	48439121610	114	12.2%	1	No
Fredericksburg	Gillespie	48171950500	127	12.1%	3	No
Fort Worth	Tarrant	48439100201	121	12.1%	1	No
Pflugerville	Travis	48453001836	654	12.1%	2	No
Dallas	Dallas	48113002701	178	12.0%	1	Yes
Plano	Collin	48085031632	240	12.0%	2	No
Arlington	Tarrant	48439122800	366	12.0%	1	Yes
Garland	Dallas	48113019026	220	11.9%	2	No
Del Rio	Val Verde	48465950400	150	11.7%	3	Yes
Dallas	Dallas	48113016501	256	11.7%	1	No
Houston	Harris	48201454300	468	11.7%	1	No
Houston	Harris	48201422500	314	11.7%	1	No
Houston	Harris	48201533300	250	11.7%	1	Yes
Houston	Harris	48201221500	220	11.6%	1	Yes
Fort Worth	Tarrant	48439105511	216	11.6%	1	No
Austin	Travis	48453000802	131	11.6%	1	Yes
Fort Worth	Tarrant	48439105205	320	11.6%	1	Yes
Irving	Dallas	48113014405	155	11.6%	2	No
Paris	Lamar	48277000500	203	11.6%	3	Yes
Dallas	Dallas	48113019016	158	11.5%	1	No
White Settlement	Tarrant	48439110704	184	11.5%	2	No
Amarillo	Potter	48375015000	235	11.5%	1	No
Pasadena	Harris	48201323600	303	11.5%	2	No
Dallas	Dallas	48113019209	303	11.5%	1	Yes
Houston	Harris	48201520500	285	11.4%	1	No
San Antonio	Bexar	48029171906	165	11.4%	1	No
Lubbock	Lubbock	48303001200	100	11.4%	1	Yes
Irving	Dallas	48113014110	504	11.4%	2	No
Fort Worth	Tarrant	48439110804	192	11.4%	1	No
Commerce	Hunt	48231960500	161	11.3%	3	Yes
Dallas	Dallas	48113009802	192	11.2%	1	Yes
Waco	McLennan	48309002100	207	11.2%	1	No
Fort Worth	Tarrant	48439114001	186	11.2%	1	No
Orange	Orange	48361020200	200	11.1%	3	Yes
Arlington	Tarrant	48439121702	260	11.1%	1	No
Austin	Travis	48453002421	148	11.1%	1	No
Houston	Harris	48339692400	193	11.0%	1	No
Huntsville	Walker	48471790800	232	11.0%	3	Yes
Fort Worth	Tarrant	48439106102	140	11.0%	1	Yes
San Antonio	Bexar	48029130900	150	11.0%	1	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Crystal City	Zavala	48507950301	60	11.0%	3	Yes
Grapevine	Tarrant	48439113705	224	10.9%	2	No
Texas City	Galveston	48167721900	242	10.9%	2	No
Mount Vernon	Franklin	48159950200	100	10.9%	3	No
San Antonio	Bexar	48029121403	166	10.8%	1	No
Houston	Harris	48201330300	260	10.8%	1	No
Austin	Travis	48453001813	228	10.8%	1	No
San Antonio	Bexar	48029130400	252	10.7%	1	Yes
Pasadena	Harris	48201323000	240	10.7%	2	Yes
Houston	Harris	48201232700	414	10.7%	1	Yes
Irving	Dallas	48113014310	144	10.6%	2	No
Houston	Harris	48201330100	372	10.6%	1	No
Mercedes	Hidalgo	48215023101	228	10.6%	3	Yes
Dallas	Dallas	48113010101	120	10.6%	1	Yes
Corpus Christi	Nueces	48355003302	306	10.5%	1	No
San Antonio	Bexar	48029110300	105	10.5%	1	Yes
Amarillo	Potter	48375010700	120	10.5%	1	No
Greenville	Hunt	48231960900	178	10.5%	2	Yes
Fort Worth	Tarrant	48439105508	237	10.5%	1	No
Dallas	Dallas	48113010801	212	10.4%	1	Yes
College Station	Brazos	48041001601	199	10.4%	1	No
El Paso	El Paso	48141000101	234	10.4%	1	No
Greenville	Hunt	48231961300	250	10.3%	2	No
Houston	Harris	48201333900	272	10.3%	1	No
Fort Worth	Tarrant	48439106511	180	10.3%	1	No
Baytown	Harris	48201253200	250	10.3%	2	No
Waxahachie	Ellis	48139060400	121	10.2%	2	Yes
Garland	Dallas	48113019013	183	10.1%	2	Yes
Dallas	Dallas	48113011101	144	10.1%	1	No
Houston	Harris	48201551900	240	10.1%	1	No
Austin	Travis	48453002422	200	10.1%	1	No
Austin	Travis	48453002419	173	10.1%	1	No
San Antonio	Bexar	48029170500	160	10.1%	1	Yes
Dallas	Dallas	48113010803	252	10.0%	1	No
Freeport	Brazoria	48039664300	178	10.0%	2	Yes
Watauga	Tarrant	48439113809	166	10.0%	2	No
Round Rock	Williamson	48491020703	255	10.0%	2	No
Belton	Bell	48027021602	54	10.0%	1	Yes
La Porte	Harris	48201343100	141	10.0%	2	No
Houston	Harris	48201251700	200	10.0%	1	No
Houston	Harris	48201540300	212	9.9%	1	No
Seguin	Guadalupe	48187210200	152	9.8%	2	No
Kaufman	Kaufman	48257051100	154	9.8%	3	No
Arlington	Tarrant	48439111532	224	9.8%	1	No
Killeen	Bell	48027022401	128	9.7%	1	No
Dallas	Dallas	48113012301	158	9.7%	1	No
Grand Prairie	Dallas	48439111539	176	9.7%	2	No
Marshall	Harrison	48203020402	167	9.7%	3	Yes
Hondo	Medina	48325990300	187	9.6%	3	No
Georgetown	Williamson	48491020102	224	9.5%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
San Antonio	Bexar	48029181801	248	9.5%	1	No
Houston	Harris	48201422400	368	9.5%	1	No
Longview	Gregg	48183001400	137	9.5%	1	Yes
Hereford	Deaf Smith	48117950500	107	9.4%	3	Yes
Dallas	Dallas	48113011800	229	9.4%	1	Yes
Hurst	Tarrant	48439113408	197	9.4%	2	No
Taylor	Williamson	48491021100	90	9.3%	3	No
Bryan	Brazos	48041001000	232	9.3%	1	No
Lockhart	Caldwell	48055960200	104	9.3%	3	Yes
Dallas	Dallas	48113006200	172	9.3%	1	No
Jefferson	Marion	48315950400	86	9.2%	3	Yes
Houston	Harris	48201320600	200	9.1%	1	Yes
Marble Falls	Burnet	48053960700	200	9.0%	3	No
Dallas	Dallas	48085031703	382	9.0%	1	No
Tyler	Smith	48423002007	176	8.9%	1	No
Frisco	Collin	48085030402	216	8.9%	2	No
Port Arthur	Jefferson	48245007002	120	8.8%	1	No
San Antonio	Bexar	48029160100	143	8.8%	1	Yes
Irving	Dallas	48113014602	132	8.8%	2	Yes
Austin	Travis	48453001805	175	8.8%	1	Yes
Abilene	Taylor	48441011700	80	8.8%	1	Yes
Palestine	Anderson	48001950700	76	8.7%	3	Yes
Wichita Falls	Wichita	48485012200	180	8.7%	1	No
Houston	Harris	48201453600	250	8.7%	1	No
Irving	Dallas	48113015202	103	8.7%	2	No
Spring	Harris	48339691600	304	8.7%	2	No
Plano	Collin	48085031648	194	8.6%	2	No
Wharton	Wharton	48481740500	106	8.6%	3	No
El Paso	El Paso	48141004309	128	8.6%	1	No
Pasadena	Harris	48201323100	93	8.6%	2	Yes
Amarillo	Potter	48375011700	144	8.6%	1	No
Houston	Harris	48201211300	189	8.6%	1	Yes
The Woodlands	Montgomery	48339691600	300	8.6%	2	No
Houston	Harris	48201220800	76	8.5%	1	Yes
Austin	Travis	48453000902	136	8.5%	1	Yes
Baytown	Harris	48201253500	210	8.5%	2	No
Beaumont	Jefferson	48245002100	110	8.5%	1	No
Fredericksburg	Gillespie	48171950400	180	8.5%	3	No
Mission	Hidalgo	48215024106	160	8.4%	1	No
Houston	Harris	48201533600	118	8.4%	1	No
Round Rock	Williamson	48491020705	168	8.4%	2	No
Robstown	Nueces	48355005602	169	8.4%	3	Yes
San Antonio	Bexar	48029151200	186	8.4%	1	No
Corpus Christi	Nueces	48355001902	172	8.4%	1	No
Dallas	Dallas	48113013614	374	8.3%	1	No
Dallas	Dallas	48113006700	161	8.3%	1	Yes
La Porte	Harris	48201343000	180	8.3%	2	No
Ennis	Ellis	48139061600	146	8.3%	3	No
Austin	Travis	48453002107	122	8.3%	1	Yes
Greenville	Hunt	48231960800	100	8.3%	2	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Odessa	Ector	48135000500	136	8.3%	1	No
Austin	Travis	48453001833	174	8.3%	1	No
Harlingen	Cameron	48061011302	132	8.3%	1	No
San Antonio	Bexar	48029180400	112	8.2%	1	Yes
Houston	Harris	48201530900	136	8.2%	1	No
Alvin	Brazoria	48039661200	126	8.2%	2	No
Texarkana	Bowie	48037011100	156	8.2%	1	No
DeSoto	Dallas	48113016606	198	8.2%	2	No
Ennis	Ellis	48139061500	112	8.2%	3	No
Houston	Harris	48201433000	433	8.2%	1	Yes
Rosenberg	Fort Bend	48157675000	84	8.2%	2	Yes
Houston	Harris	48201550400	416	8.2%	1	No
Kingsland	Llano	48299970500	170	8.1%	3	No
Irving	Dallas	48113014306	142	8.1%	2	No
Houston	Harris	48201332800	114	8.0%	1	Yes
Mathis	San Patricio	48409011300	134	8.0%	3	Yes
Bryan	Brazos	48041000500	119	7.9%	1	No
Seguin	Guadalupe	48187210300	156	7.9%	2	No
Cedar Park	Williamson	48491020308	236	7.9%	2	No
Houston	Harris	48201421100	265	7.9%	1	No
Waco	McLennan	48309001400	205	7.9%	1	Yes
Dallas	Dallas	48113004202	93	7.9%	1	No
Irving	Dallas	48113014701	127	7.8%	2	No
San Antonio	Bexar	48029181503	155	7.8%	1	No
Harlingen	Cameron	48061010800	174	7.8%	1	No
San Antonio	Bexar	48029171400	152	7.8%	1	Yes
Victoria	Victoria	48469001604	150	7.7%	1	No
Roma	Starr	48427950702	68	7.7%	3	Yes
Buda	Hays	48209010902	144	7.7%	2	No
Laredo	Webb	48479001801	251	7.6%	1	No
Edinburg	Hidalgo	48215023800	219	7.6%	1	No
Waco	McLennan	48309003000	144	7.6%	1	No
Edcouch	Hidalgo	48215024500	121	7.6%	3	Yes
Garland	Dallas	48113018111	150	7.6%	2	No
Amarillo	Potter	48375014800	68	7.5%	1	Yes
Tyler	Smith	48423001700	160	7.5%	1	No
Sanger	Denton	48121020201	208	7.5%	3	No
Amarillo	Potter	48375012000	54	7.5%	1	Yes
Tyler	Smith	48423000201	95	7.4%	1	Yes
Fort Worth	Tarrant	48439105510	116	7.4%	1	No
Huntsville	Walker	48471790600	76	7.4%	3	Yes
Temple	Bell	48027020701	61	7.4%	1	Yes
Houston	Harris	48201232800	153	7.4%	1	No
Austin	Travis	48453002304	196	7.4%	1	Yes
Vernon	Wilbarger	48487950500	85	7.4%	3	Yes
Katy	Harris	48201542300	174	7.3%	2	No
Houston	Harris	48201421400	302	7.3%	1	Yes
Lewisville	Denton	48121021712	218	7.3%	2	No
Dallas	Dallas	48467950100	120	7.3%	1	No
El Paso	El Paso	48141000203	152	7.1%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
San Antonio	Bexar	48029180503	90	7.1%	1	No
Alamo	Hidalgo	48215021902	188	7.1%	1	No
Hereford	Deaf Smith	48117950400	131	7.1%	3	No
El Paso	El Paso	48141010315	36	7.0%	1	No
Dallas	Dallas	48113019202	145	7.0%	1	No
Donna	Hidalgo	48215022102	157	6.9%	3	No
Little Elm	Denton	48121020102	202	6.9%	2	No
Hitchcock	Galveston	48167723200	72	6.9%	2	No
Lake Dallas	Denton	48121021403	184	6.9%	3	No
Katy	Harris	48201542800	120	6.8%	2	No
Grand Prairie	Dallas	48113015500	102	6.8%	2	Yes
Hillsboro	Hill	48217960700	52	6.8%	3	No
Fort Worth	Tarrant	48439105506	216	6.8%	1	No
Pearsall	Frio	48163950200	106	6.8%	3	Yes
Houston	Harris	48201252300	250	6.8%	1	No
Texarkana	Bowie	48037010400	112	6.7%	1	Yes
Arlington	Tarrant	48439111524	171	6.7%	1	No
Laguna Vista	Cameron	48061012301	64	6.7%	3	No
Dayton	Liberty	48291700800	202	6.7%	3	No
Houston	Harris	48201541300	144	6.7%	1	No
Lubbock	Lubbock	48303002400	152	6.7%	1	No
Lancaster	Dallas	48113016705	126	6.7%	2	No
Fort Worth	Tarrant	48439106508	246	6.7%	1	No
San Antonio	Bexar	48029131000	120	6.7%	1	No
Pittsburg	Camp	48063950200	116	6.7%	3	Yes
Tomball	Harris	48201555400	236	6.7%	3	No
San Antonio	Bexar	48029181003	160	6.7%	1	No
Hurst	Tarrant	48439113407	108	6.6%	2	No
Jasper	Jasper	48241950200	96	6.6%	3	No
Balch Springs	Dallas	48113017202	128	6.6%	2	No
Dallas	Dallas	48113012000	150	6.6%	1	Yes
Cleveland	Liberty	48291700200	70	6.6%	3	Yes
Houston	Harris	48201230700	66	6.5%	1	Yes
Houston	Harris	48201232900	160	6.5%	1	No
Seagoville	Dallas	48113017003	158	6.5%	2	No
Houston	Harris	48201240500	228	6.5%	1	Yes
Cotulla	La Salle	48283950100	100	6.5%	3	Yes
North Richland Hills	Tarrant	48439113217	108	6.5%	2	No
Killeen	Bell	48027022200	88	6.5%	1	No
Livingston	Polk	48373210500	110	6.5%	3	No
Euless	Tarrant	48439113515	250	6.4%	2	No
Henderson	Rusk	48401950700	76	6.4%	3	No
Temple	Bell	48027021202	103	6.4%	1	No
El Paso	El Paso	48141001201	100	6.3%	1	No
San Marcos	Hays	48209010904	156	6.3%	2	No
Laredo	Webb	48479000300	50	6.3%	1	Yes
Houston	Harris	48201453200	164	6.3%	1	No
Houston	Harris	48201232400	254	6.3%	1	No
Lewisville	Denton	48121021601	194	6.3%	2	No
San Marcos	Hays	48209010600	180	6.2%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
San Antonio	Bexar	48029170700	87	6.2%	1	Yes
Mexia	Limestone	48293970300	47	6.1%	3	No
Azle	Tarrant	48439114204	109	6.1%	2	No
Plainview	Hale	48189950400	90	6.1%	3	No
Beaumont	Jefferson	48245002300	105	6.1%	1	Yes
Fort Worth	Tarrant	48439113914	248	6.1%	1	No
Midland	Midland	48329000305	124	6.1%	1	No
Killeen	Bell	48027022500	172	6.1%	1	No
Palacios	Matagorda	48321730600	122	6.1%	3	No
Jersey Village	Harris	48201552000	160	6.0%	2	No
San Antonio	Bexar	48029181706	150	6.0%	1	No
Webster	Harris	48201341200	216	6.0%	2	No
Leon Valley	Bexar	48029181704	100	6.0%	2	No
Houston	Harris	48201433500	278	6.0%	1	Yes
Austin	Travis	48453001822	142	6.0%	1	No
Austin	Travis	48453001852	204	5.9%	1	No
San Antonio	Bexar	48029180800	85	5.9%	1	Yes
Kingsville	Kleberg	48273020200	120	5.9%	3	Yes
Canyon	Randall	48381021900	76	5.9%	3	No
Houston	Harris	48201522300	154	5.9%	1	No
La Porte	Harris	48201343500	61	5.9%	2	No
El Paso	El Paso	48141000206	88	5.9%	1	No
Katy	Harris	48201542700	84	5.8%	2	No
San Benito	Cameron	48061011400	97	5.8%	1	No
Laredo	Webb	48479001102	120	5.8%	1	No
Cedar Park	Williamson	48491020306	180	5.8%	2	No
Houston	Harris	48201533700	156	5.8%	1	No
El Paso	El Paso	48141003903	95	5.7%	1	Yes
Bay City	Matagorda	48321730400	60	5.7%	3	Yes
Corpus Christi	Nueces	48355001700	152	5.7%	1	Yes
Crockett	Houston	48225950500	100	5.7%	3	No
Marshall	Harrison	48203020401	76	5.7%	3	Yes
Jacksonville	Cherokee	48073950600	124	5.7%	3	No
San Antonio	Bexar	48029140800	100	5.7%	1	No
North Richland Hills	Tarrant	48439113219	194	5.7%	2	No
El Paso	El Paso	48141001112	96	5.7%	1	No
Tyler	Smith	48423001000	114	5.7%	1	No
Corrigan	Polk	48373210400	96	5.6%	3	No
Houston	Harris	48201432300	160	5.6%	1	No
Trinity	Trinity	48455950300	40	5.6%	3	No
Runge	Karnes	48255970400	32	5.6%	3	Yes
Navasota	Grimes	48185180200	128	5.6%	3	No
Pearland	Brazoria	48039660700	246	5.6%	2	No
Dilley	Frio	48163950300	68	5.5%	3	Yes
Carrollton	Denton	48121021605	144	5.5%	2	No
El Paso	El Paso	48141003804	64	5.5%	1	No
San Angelo	Tom Green	48451001400	112	5.5%	1	No
Alice	Jim Wells	48249950600	76	5.5%	3	Yes
Corinth	Denton	48121021402	224	5.5%	2	No
Gainesville	Cooke	48097990600	100	5.5%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Weslaco	Hidalgo	48215022502	80	5.4%	1	No
Mount Pleasant	Titus	48449950700	28	5.4%	3	No
Balch Springs	Dallas	48113017201	96	5.4%	2	No
San Antonio	Bexar	48029161100	108	5.4%	1	No
Longview	Gregg	48183001500	79	5.4%	1	Yes
College Station	Brazos	48041002003	92	5.4%	1	No
Hempstead	Waller	48473680500	147	5.4%	3	No
Eagle Pass	Maverick	48323950500	100	5.4%	3	Yes
Donna	Hidalgo	48215022202	108	5.3%	3	Yes
Cedar Park	Williamson	48453001765	90	5.3%	2	No
Amarillo	Potter	48375014700	117	5.3%	1	No
Llano	Llano	48299970200	76	5.3%	3	No
Houston	Harris	48201210500	81	5.3%	1	Yes
North Richland Hills	Tarrant	48439113806	180	5.3%	2	No
Cedar Park	Williamson	48491020309	132	5.3%	2	No
Uvalde	Uvalde	48463950500	100	5.3%	3	Yes
Baytown	Harris	48201254100	88	5.3%	2	No
Amarillo	Potter	48375013200	38	5.3%	1	No
Edinburg	Hidalgo	48215023600	100	5.2%	1	No
El Paso	El Paso	48141001900	54	5.2%	1	Yes
Dallas	Dallas	48113004500	100	5.2%	1	No
El Paso	El Paso	48141004003	100	5.2%	1	No
Odessa	Ector	48135000700	85	5.2%	1	Yes
Austin	Travis	48453000901	26	5.2%	1	Yes
Bryan	Brazos	48041000900	48	5.2%	1	Yes
Waco	McLennan	48309001900	64	5.2%	1	Yes
El Paso	El Paso	48141004202	104	5.2%	1	No
Queen City	Cass	48067950300	36	5.2%	3	No
Stephenville	Erath	48143950600	76	5.1%	3	No
Katy	Harris	48201454800	120	5.1%	2	No
Houston	Harris	48201551800	86	5.1%	1	No
Garland	Dallas	48113018119	152	5.1%	2	No
Madisonville	Madison	48313980400	84	5.1%	3	No
Clifton	Bosque	48035950500	56	5.1%	3	No
Dallas	Dallas	48113005400	80	5.1%	1	No
Euless	Tarrant	48439113511	60	5.0%	2	No
Quitman	Wood	48499950500	48	5.0%	3	No
El Paso	El Paso	48141001800	25	5.0%	1	Yes
Baytown	Harris	48201253000	62	5.0%	2	No
Anthony	El Paso	48141010203	34	5.0%	1	No
Texarkana	Bowie	48037010100	100	4.9%	1	No
Killeen	Bell	48027022102	129	4.9%	1	No
Floresville	Wilson	48493980600	58	4.9%	3	No
San Antonio	Bexar	48029180702	152	4.9%	1	No
Victoria	Victoria	48469001603	120	4.9%	1	No
Clute	Brazoria	48039663800	75	4.9%	2	No
Houston	Harris	48201510100	27	4.9%	1	Yes
El Paso	El Paso	48141004303	100	4.9%	1	No
Kingsville	Kleberg	48273020400	128	4.9%	3	No
Sonora	Sutton	48435950200	64	4.9%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Dallas	Dallas	48113001504	61	4.9%	1	Yes
Dallas	Dallas	48113003400	30	4.8%	1	Yes
Humble	Harris	48201240300	71	4.8%	2	No
Beaumont	Jefferson	48245001301	100	4.8%	1	No
Austin	Travis	48453002316	100	4.8%	1	Yes
Refugio	Refugio	48391950200	68	4.7%	3	No
Pampa	Gray	48179950400	96	4.7%	3	No
Fairfield	Freestone	48161980200	24	4.7%	3	No
Lubbock	Lubbock	48303001703	144	4.7%	1	Yes
Lampasas	Lampasas	48281950400	64	4.7%	3	No
Houston	Harris	48201432700	173	4.7%	1	Yes
Paris	Lamar	48277000800	68	4.7%	3	Yes
Decatur	Wise	48497150200	89	4.7%	3	No
Spring	Harris	48201553400	168	4.7%	2	No
Houston	Harris	48201421600	93	4.7%	1	Yes
Perryton	Ochiltree	48357950300	47	4.7%	3	No
Houston	Harris	48201240800	154	4.7%	1	No
Plainview	Hale	48189950200	60	4.7%	3	Yes
Port Isabel	Cameron	48061012304	76	4.6%	3	No
Beeville	Bee	48025950300	90	4.6%	3	No
Taylor	Williamson	48491021203	44	4.6%	3	No
El Paso	El Paso	48141004316	81	4.6%	1	No
Nacogdoches	Nacogdoches	48347950700	76	4.6%	3	Yes
Waller	Waller	48473680300	130	4.5%	3	No
Fort Worth	Tarrant	48439105704	126	4.5%	1	No
Sweeny	Brazoria	48039662800	107	4.5%	3	No
Houston	Harris	48201534000	115	4.5%	1	No
Austin	Travis	48453001812	117	4.5%	1	Yes
Wolfe City	Hunt	48231960200	40	4.5%	3	No
Ingleside	San Patricio	48409010300	144	4.5%	1	No
Sebastian	Willacy	48489950600	32	4.5%	3	No
Weslaco	Hidalgo	48215023101	96	4.4%	1	Yes
Sulphur Springs	Hopkins	48223950500	48	4.4%	3	No
Dallas	Dallas	48113004900	60	4.4%	1	Yes
Princeton	Collin	48085031002	104	4.4%	2	No
El Paso	El Paso	48141010321	142	4.4%	1	No
Wylie	Collin	48085031303	90	4.4%	3	No
Big Spring	Howard	48227950400	63	4.3%	3	Yes
Floresville	Wilson	48493980300	70	4.3%	3	No
San Antonio	Bexar	48029121206	113	4.3%	1	No
Dallas	Dallas	48113013005	82	4.3%	1	No
Houston	Harris	48201552000	114	4.3%	1	No
El Campo	Wharton	48481741000	60	4.3%	3	No
Alamo	Hidalgo	48215021901	76	4.3%	1	Yes
Jacksboro	Jack	48237950300	59	4.3%	3	No
Boerne	Kendall	48259970500	71	4.3%	3	No
Hillsboro	Hill	48217961100	48	4.3%	3	No
San Antonio	Bexar	48029181601	50	4.3%	1	No
Houston	Harris	48201334000	147	4.2%	1	No
El Paso	El Paso	48141004004	64	4.2%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Electra	Wichita	48485013700	54	4.2%	3	No
Arlington	Tarrant	48439121703	75	4.2%	1	Yes
Athens	Henderson	48213951200	76	4.2%	3	Yes
Lewisville	Denton	48121021703	192	4.2%	2	No
Dallas	Dallas	48113001400	63	4.1%	1	Yes
Silsbee	Hardin	48199030700	56	4.1%	3	No
Raymondville	Willacy	48489950400	61	4.1%	3	Yes
Carrizo Springs	Dimmit	48127950200	102	4.1%	3	Yes
Forest Hill	Tarrant	48439111202	78	4.1%	2	No
Houston	Harris	48157670100	105	4.1%	1	No
Three Rivers	Live Oak	48297950100	60	4.1%	3	No
Channelview	Harris	48201252300	150	4.1%	2	No
New Braunfels	Comal	48091310300	100	4.1%	2	No
Boerne	Kendall	48259970300	100	4.0%	3	No
Nacogdoches	Nacogdoches	48347950500	124	4.0%	3	No
Rockport	Aransas	48007950400	55	4.0%	3	Yes
Dallas	Dallas	48113002000	76	4.0%	1	Yes
Houston	Harris	48201332000	72	3.9%	1	Yes
Rusk	Cherokee	48073950800	114	3.9%	3	No
Kerrville	Kerr	48265960300	152	3.9%	3	No
Springtown	Parker	48367140403	72	3.9%	3	No
Mount Pleasant	Titus	48449950600	48	3.9%	3	Yes
Brenham	Washington	48477170300	76	3.9%	3	No
Fort Stockton	Pecos	48371950300	47	3.9%	3	Yes
Austin	Travis	48453002417	93	3.9%	1	No
Highlands	Harris	48201253000	48	3.9%	2	No
Wills Point	Van Zandt	48467950500	60	3.9%	3	No
San Juan	Hidalgo	48215021802	86	3.9%	1	No
Cameron	Milam	48331950400	100	3.8%	3	No
Kirbyville	Jasper	48241950600	36	3.8%	3	Yes
Longview	Gregg	48183001200	40	3.8%	1	Yes
San Antonio	Bexar	48029181809	72	3.8%	1	No
Big Spring	Howard	48227950800	76	3.7%	3	No
Childress	Childress	48075950200	80	3.7%	3	No
Brenham	Washington	48477170400	76	3.7%	3	No
Marlin	Falls	48145990300	56	3.7%	3	Yes
Allen	Collin	48085031506	94	3.7%	2	No
Laredo	Webb	48479001706	56	3.7%	1	No
Ozona	Crockett	48105950100	56	3.7%	3	No
Trinity	Trinity	48455950500	36	3.7%	3	No
El Paso	El Paso	48141000404	47	3.7%	1	Yes
Cedar Hill	Dallas	48113016614	132	3.7%	2	No
Lake Jackson	Brazoria	48039663500	80	3.7%	2	No
Lufkin	Angelina	48005000400	75	3.7%	3	No
Dallas	Dallas	48113007814	112	3.6%	1	No
Pecos	Reeves	48371950400	55	3.6%	3	No
San Benito	Cameron	48061011500	65	3.6%	1	No
Palestine	Anderson	48001950800	79	3.6%	3	No
West	McLennan	48309004202	44	3.6%	3	No
Waco	McLennan	48309002302	91	3.6%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Alice	Jim Wells	48249950500	72	3.6%	3	Yes
Breckenridge	Stephens	48429950200	56	3.5%	3	No
El Paso	El Paso	48141010309	76	3.5%	1	No
Calvert	Robertson	48395960200	24	3.5%	3	Yes
Brady	McCulloch	48307950300	76	3.5%	3	No
Prairie View	Waller	48473680300	100	3.5%	3	No
Meadows Place	Fort Bend	48157672000	145	3.4%	2	No
Kilgore	Gregg	48183010600	76	3.4%	3	No
Mineral Wells	Palo Pinto	48363980400	72	3.4%	3	No
Houston	Harris	48201531600	40	3.4%	1	No
Lake Jackson	Brazoria	48039663400	80	3.4%	2	No
Waco	McLennan	48309003707	100	3.4%	1	No
Garrison	Nacogdoches	48347950100	32	3.4%	3	No
Mineral Wells	Palo Pinto	48363980800	40	3.4%	3	Yes
Junction	Kimble	48267950200	30	3.4%	3	No
Lubbock	Lubbock	48303010401	126	3.4%	1	No
Menard	Menard	48327950200	24	3.4%	3	Yes
Fort Worth	Tarrant	48439110203	88	3.4%	1	No
Cleveland	Liberty	48291700300	96	3.4%	3	No
Bryson	Jack	48237950200	16	3.4%	3	No
Hubbard	Hill	48217961300	36	3.4%	3	No
Burnet	Burnet	48053960200	30	3.4%	3	No
San Benito	Cameron	48061011600	60	3.4%	1	No
Terrell	Kaufman	48257050300	45	3.3%	3	No
Carthage	Panola	48365950400	88	3.3%	3	No
Elsa	Hidalgo	48215024401	74	3.3%	3	No
San Antonio	Bexar	48029141200	80	3.3%	1	No
Wallis	Austin	48015760100	24	3.3%	3	No
Kyle	Hays	48209010904	80	3.2%	3	No
Sour Lake	Hardin	48199030200	60	3.2%	3	No
Willis	Montgomery	48339694200	150	3.2%	3	No
San Augustine	San Augustin	48405950200	36	3.2%	3	No
Santa Fe	Galveston	48167723300	48	3.2%	2	No
Gilmer	Upshur	48459950400	54	3.1%	3	No
Johnson City	Blanco	48031950100	48	3.1%	3	No
Orange	Orange	48361021300	68	3.1%	3	No
Rockport	Aransas	48007950100	76	3.1%	3	No
Columbus	Colorado	48089750500	48	3.1%	3	No
Albany	Shackelford	48417950300	40	3.1%	3	No
Corsicana	Navarro	48349970900	76	3.1%	3	No
Graham	Young	48503950600	64	3.1%	3	No
Victoria	Victoria	48469000202	51	3.1%	1	No
Borger	Hutchinson	48233951000	47	3.0%	3	No
Socorro	El Paso	48141010310	64	3.0%	1	No
Center	Shelby	48381020200	32	3.0%	3	No
El Paso	El Paso	48141001600	62	3.0%	1	Yes
Del Rio	Val Verde	48465950201	76	3.0%	3	No
Seven Points	Henderson	48213950700	47	3.0%	3	No
League City	Galveston	48167721200	105	3.0%	2	No
Haltom City	Tarrant	48439110101	74	3.0%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Spring	Harris	48201241100	144	3.0%	2	No
Wichita Falls	Wichita	48485013200	76	3.0%	1	No
Joshua	Johnson	48251130206	56	3.0%	2	No
Brownwood	Brown	48049951100	44	2.9%	3	No
Hereford	Deaf Smith	48117950300	56	2.9%	3	No
Nocona	Montague	48337950300	36	2.9%	3	No
Honey Grove	Fannin	48147950100	32	2.9%	3	No
McGregor	McLennan	48387950600	36	2.9%	1	No
Lewisville	Denton	48121021709	163	2.9%	2	No
La Feria	Cameron	48061011902	36	2.9%	3	No
Marlin	Falls	48145990400	25	2.9%	3	Yes
Venus	Johnson	48251130408	48	2.9%	3	No
Elgin	Bastrop	48453001837	76	2.9%	3	No
Eastland	Eastland	48133950200	68	2.8%	3	No
Austin	Travis	48453002307	70	2.8%	1	Yes
El Paso	El Paso	48141003401	58	2.8%	1	No
Burnet	Burnet	48053960300	54	2.8%	3	No
Zapata	Zapata	48505950300	68	2.8%	3	Yes
Sealy	Austin	48015760300	54	2.8%	3	No
Edgewood	Van Zandt	48467950300	46	2.8%	3	No
Crockett	Houston	48225950400	36	2.8%	3	Yes
Rio Grande City	Starr	48427950500	40	2.8%	3	Yes
Idalou	Lubbock	48303010102	24	2.8%	3	No
Whitewright	Grayson	48181001802	40	2.8%	3	No
Dallas	Dallas	48113007102	60	2.8%	1	No
Colorado City	Mitchell	48335950200	56	2.7%	3	No
San Diego	Duval	48131950100	44	2.7%	3	Yes
Yoakum	Lavaca	48123970100	40	2.7%	3	No
Edna	Jackson	48239950300	48	2.7%	3	No
Socorro	El Paso	48141010402	40	2.7%	1	No
Webster	Harris	48201341000	80	2.7%	2	No
Seagraves	Gaines	48165950100	32	2.7%	3	No
Hempstead	Waller	48473680300	76	2.7%	3	No
Hebbronville	Jim Hogg	48247950200	20	2.7%	3	No
Crosbyton	Crosby	48107950100	24	2.6%	3	No
Aransas Pass	San Patricio	48409010200	76	2.6%	3	No
Van Alstyne	Grayson	48181001803	40	2.6%	3	No
Coldspring	San Jacinto	48407200200	48	2.5%	3	No
Mineola	Wood	48499950800	48	2.5%	3	No
Alto	Cherokee	48073951000	32	2.5%	3	No
El Paso	El Paso	48141000106	44	2.5%	1	No
La Villa	Hidalgo	48215024600	30	2.5%	3	No
San Antonio	Bexar	48029151100	50	2.4%	1	Yes
Brackettville	Kinney	48271950100	32	2.4%	3	No
Bellville	Austin	48015760500	72	2.4%	3	No
Huntsville	Walker	48471790700	50	2.4%	3	Yes
Groesbeck	Limestone	48293970600	44	2.4%	3	No
Elkhart	Anderson	48001951000	54	2.4%	3	No
Bandera	Bandera	48019980100	76	2.4%	3	No
Fort Stockton	Pecos	48371950400	36	2.4%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Levelland	Hockley	48219950200	36	2.4%	3	No
Santa Anna	Coleman	48083950700	24	2.4%	3	No
St. Jo	Montague	48337950100	24	2.3%	3	No
Detroit	Red River	48387950300	16	2.3%	3	No
Gonzales	Gonzales	48177990300	30	2.3%	3	Yes
Harlingen	Cameron	48061010900	16	2.3%	1	Yes
Buna	Jasper	48241950800	23	2.3%	3	No
Snyder	Scurry	48415950600	39	2.3%	3	No
Rusk	Cherokee	48073950900	24	2.3%	3	No
Grand Saline	Van Zandt	48467950200	28	2.3%	3	No
Waskom	Harrison	48203020102	48	2.2%	3	No
Corinth	Denton	48121021401	76	2.2%	2	No
Pampa	Gray	48179950100	32	2.2%	3	No
Caldwell	Burleson	48051970300	32	2.2%	3	No
Groveton	Trinity	48455950200	32	2.2%	3	No
Leonard	Fannin	48147950701	32	2.2%	3	No
Irving	Dallas	48113014304	92	2.2%	2	No
Kerrville	Kerr	48265960500	48	2.2%	3	No
Bonham	Fannin	48147950400	65	2.2%	3	No
Goliad	Goliad	48175960100	32	2.1%	3	No
Presidio	Presidio	48377950100	23	2.1%	3	No
Sabinal	Uvalde	48463950100	24	2.1%	3	No
Bowie	Montague	48337950500	48	2.1%	3	No
Whitney	Hill	48217960600	10	2.1%	3	No
Alpine	Brewster	48043950300	36	2.1%	3	No
Eagle Lake	Colorado	48089750100	36	2.1%	3	No
Eagle Pass	Maverick	48323950202	60	2.1%	3	Yes
Brenham	Washington	48477170200	43	2.1%	3	No
Keene	Johnson	48251131000	36	2.1%	3	No
Presidio	Presidio	48377950200	30	2.1%	3	Yes
Clarksville	Red River	48387950500	48	2.1%	3	No
Farmersville	Collin	48085031100	56	2.0%	3	No
Timpson	Shelby	48419950200	28	2.0%	3	No
Lone Star	Morris	48343950200	48	2.0%	3	No
Houston	Harris	48201521100	15	2.0%	1	Yes
Smithville	Bastrop	48021950700	32	2.0%	3	No
Donna	Hidalgo	48215022101	50	2.0%	3	No
Hidalgo	Hidalgo	48215021301	39	2.0%	3	No
Emory	Rains	48379950100	40	1.9%	3	No
Bastrop	Bastrop	48021950500	70	1.9%	3	No
Stephenville	Erath	48143950500	44	1.9%	3	No
Vidor	Orange	48361021900	47	1.9%	3	No
Austin	Travis	48453002111	26	1.9%	1	Yes
West Columbia	Brazoria	48039662600	24	1.9%	3	No
Pearsall	Frio	48163950100	36	1.8%	3	No
Forney	Kaufman	48257050202	51	1.8%	3	No
Hondo	Medina	48325990500	31	1.8%	3	No
Whitehouse	Smith	48423002200	32	1.8%	3	No
Keene	Johnson	48251130301	56	1.8%	3	No
Chandler	Henderson	48213950100	43	1.8%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Big Lake	Reagan	48383950100	20	1.8%	3	No
Santa Rosa	Cameron	48061010300	53	1.8%	3	No
San Antonio	Bexar	48029120200	49	1.8%	1	No
Brookshire	Waller	48473680200	44	1.8%	3	No
Karnes City	Karnes	48255970200	24	1.7%	3	No
Hallettsville	Lavaca	48285980200	24	1.7%	3	No
Bastrop	Bastrop	48021950400	48	1.7%	3	No
Granbury	Hood	48221160300	50	1.7%	3	No
Dripping Springs	Hays	48209010801	76	1.7%	3	No
Burkburnett	Wichita	48485013501	40	1.7%	3	No
Godley	Johnson	48251130100	20	1.7%	3	No
Somerset	Bexar	48029162002	40	1.7%	3	No
Rhome	Wise	48497150602	24	1.7%	3	No
League City	Galveston	48167720500	80	1.7%	2	No
Grapeland	Houston	48225950100	32	1.7%	3	No
El Paso	El Paso	48141000301	36	1.7%	1	Yes
El Paso	El Paso	48141000108	16	1.7%	1	No
Joaquin	Shelby	48419950100	32	1.6%	3	No
Quinlan	Hunt	48231961500	56	1.6%	3	No
Hooks	Bowie	48037011300	40	1.6%	3	No
Littlefield	Lamb	48279950600	24	1.6%	3	No
Lufkin	Angelina	48005000600	28	1.6%	3	Yes
Athens	Henderson	48213950300	44	1.6%	3	No
Teague	Freestone	48161980600	20	1.6%	3	No
El Paso	El Paso	48141000110	22	1.6%	1	No
San Antonio	Bexar	48029170200	29	1.6%	1	Yes
Dimmitt	Castro	48069950200	24	1.6%	3	No
El Paso	El Paso	48141010314	60	1.6%	1	No
Tomball	Harris	48201555500	48	1.6%	3	No
Alton	Hidalgo	48215024105	30	1.6%	3	No
El Paso	El Paso	48141000800	31	1.6%	1	Yes
Valley View	Cooke	48097990900	24	1.5%	3	No
Royse City	Rockwall	48397040400	32	1.5%	3	No
San Antonio	Bexar	48029150300	24	1.5%	1	Yes
Hughes Springs	Cass	48067950700	32	1.5%	3	No
Hemphill	Sabine	48403950300	32	1.5%	3	No
Rio Hondo	Cameron	48061010100	30	1.5%	3	No
Rio Grande City	Starr	48427950600	24	1.5%	3	Yes
Horizon City	El Paso	48141010320	72	1.5%	3	No
Lytle	Atascosa	48013960201	24	1.5%	3	No
Caldwell	Burleson	48051970200	24	1.5%	3	No
Luling	Caldwell	48055960700	30	1.5%	3	Yes
Mabank	Kaufman	48257051300	42	1.5%	3	No
Lexington	Lee	48287980100	24	1.5%	3	No
Giddings	Lee	48287980400	28	1.5%	3	No
Somerville	Burleson	48051970500	24	1.5%	3	No
Socorro	El Paso	48141010403	52	1.5%	1	Yes
Dalhart	Dallam	48205950200	24	1.5%	3	No
Shepherd	San Jacinto	48407200101	32	1.5%	3	No
Round Rock	Williamson	48491020503	24	1.5%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Athens	Henderson	48213951300	32	1.5%	3	No
Van	Van Zandt	48467950800	28	1.5%	3	No
Denton	Denton	48121021100	24	1.5%	2	Yes
Bridgeport	Wise	48497150500	24	1.5%	3	No
Leander	Williamson	48491020309	36	1.4%	2	No
Post	Garza	48169950100	24	1.4%	3	No
Sinton	San Patricio	48409011000	32	1.4%	3	No
Anthony	El Paso	48141002800	26	1.4%	1	Yes
Azle	Tarrant	48367140405	31	1.4%	2	No
Houston	Harris	48201230400	18	1.4%	1	Yes
Frankston	Anderson	48001950100	24	1.4%	3	No
Comanche	Comanche	48093950300	22	1.4%	3	No
Baird	Callahan	48059030200	24	1.4%	3	No
Devine	Medina	48325990800	32	1.4%	3	No
Mission	Hidalgo	48215020203	35	1.4%	1	No
Eagle Pass	Maverick	48323950300	20	1.3%	3	Yes
Elgin	Bastrop	48021950200	27	1.3%	3	No
Martindale	Caldwell	48055960500	24	1.3%	3	No
Austin	Travis	48453002109	16	1.3%	1	Yes
Hamilton	Hamilton	48193950300	18	1.3%	3	No
Alvarado	Johnson	48251130410	24	1.3%	3	No
Shepherd	San Jacinto	48407200200	24	1.3%	3	No
Rockport	Aransas	48007950300	28	1.3%	3	No
Willis	Montgomery	48339694100	48	1.3%	3	No
Bay City	Matagorda	48321730200	40	1.3%	3	No
Palestine	Anderson	48001950900	42	1.3%	3	No
Gladewater	Gregg	48183010200	34	1.3%	3	No
Rockdale	Milam	48331950700	29	1.3%	3	No
El Campo	Wharton	48481740900	32	1.2%	3	No
Fabens	El Paso	48141010503	24	1.2%	3	Yes
Big Sandy	Upshur	48459950500	24	1.2%	3	No
Tatum	Rusk	48401950100	24	1.2%	3	No
Lake Dallas	Denton	48121021401	40	1.2%	3	No
San Antonio	Bexar	48029180300	18	1.2%	1	No
Andrews	Andrews	48003950200	24	1.2%	3	No
El Paso	El Paso	48141002800	21	1.2%	1	Yes
El Paso	El Paso	48141001107	30	1.1%	1	No
La Casita-Garciasville	Starr	48427950400	28	1.1%	3	Yes
Dublin	Erath	48143950300	24	1.1%	3	No
Blanco	Blanco	48031950200	20	1.1%	3	No
Glen Rose	Somervell	48425990100	20	1.1%	3	No
Center	Shelby	48419950400	26	1.1%	3	No
Troup	Smith	48423002100	36	1.1%	3	No
Grandview	Johnson	48251130500	24	1.1%	3	No
Irving	Dallas	48113014408	17	1.1%	2	No
Slaton	Lubbock	48303010600	24	1.1%	3	No
Castroville	Medina	48325990100	39	1.1%	3	No
Frisco	Collin	48085030401	38	1.1%	2	No
Iowa Park	Wichita	48485013600	24	1.0%	3	No
De Kalb	Bowie	48037011600	24	1.0%	3	No

§49.6(g) Census Tract 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Cibolo	Guadalupe	48187210701	24	1.0%	3	No
El Paso	El Paso	48141003601	14	1.0%	1	No
Orange Grove	Jim Wells	48249950100	24	1.0%	3	No
West Columbia	Brazoria	48039662000	24	1.0%	3	No
Pilot Point	Denton	48121020101	40	1.0%	3	No
Aransas Pass	San Patricio	48007950500	24	1.0%	3	No
Amherst	Lamb	48279950300	9	1.0%	3	No
Lamesa	Dawson	48115950400	24	1.0%	3	No
Buffalo	Leon	48289950100	24	1.0%	3	No
Hallsville	Harrison	48203020601	32	0.9%	3	No
Pleasanton	Atascosa	48013960402	24	0.9%	3	No
Normangee	Leon	48289950200	20	0.9%	3	No
Abernathy	Hale	48303010200	24	0.9%	3	No
Brownfield	Terry	48445950400	24	0.9%	3	Yes
Weimar	Colorado	48089750300	16	0.9%	3	No
Caddo Mills	Hunt	48231961400	16	0.9%	3	No
Harlingen	Cameron	48061010700	10	0.9%	1	No
Lorena	McLennan	48309003801	16	0.8%	3	No
Alamo	Hidalgo	48215022002	26	0.8%	1	No
Justin	Denton	48121020301	24	0.8%	3	No
Yantis	Wood	48499950300	24	0.8%	3	No
Cisco	Eastland	48133950300	16	0.8%	3	No
Sulphur Springs	Hopkins	48223950400	24	0.8%	3	No
El Paso	El Paso	48141002100	9	0.8%	1	Yes
Ferris	Ellis	48139060101	16	0.8%	3	No
El Paso	El Paso	48141001105	19	0.8%	1	No
Eldorado	Schleicher	48141010313	32	0.8%	3	No
La Grange	Fayette	48149970300	16	0.7%	3	No
Reno (Lamar)	Lamar	48277000400	24	0.7%	3	No
Evant	Coryell	48099010100	17	0.7%	3	No
Hearne	Robertson	48395960500	16	0.7%	3	Yes
Conroe	Montgomery	48339693100	19	0.7%	2	Yes
Amarillo	Potter	48375013900	7	0.7%	1	Yes
Cedar Park	Williamson	48491020307	24	0.7%	2	No
El Paso	El Paso	48141010209	36	0.7%	1	No
Corsicana	Navarro	48349970300	16	0.6%	3	No
La Joya	Hidalgo	48215024202	24	0.6%	3	No
Amarillo	Potter	48375013000	4	0.6%	1	Yes
Clint	El Paso	48141010403	20	0.6%	3	Yes
Bullard	Smith	48423001904	24	0.6%	3	No
Austin	Travis	48453001503	10	0.6%	1	No
Fort Worth	Tarrant	48439104604	4	0.6%	1	Yes
Waxahachie	Ellis	48139060600	14	0.5%	2	No
Mesquite	Dallas	48113017702	12	0.5%	2	No
El Paso	El Paso	48141010313	19	0.4%	1	No
Schulenburg	Fayette	48149970600	8	0.4%	3	No
Laredo	Webb	48479001400	8	0.4%	1	No
Ganado	Jackson	48239950100	8	0.4%	3	No
Austin	Travis	48453000803	3	0.4%	1	Yes
Laredo	Webb	48479001001	3	0.2%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Amarillo	Potter	48375011900	3	0.2%	1	No
Fort Worth	Tarrant	48439104603	2	0.2%	1	Yes
Amarillo	Potter	48375012200	2	0.2%	1	Yes
McAllen	Hidalgo	48215020901	2	0.1%	1	No
Mission	Hidalgo	48215020401	4	0.1%	1	No
Galveston	Galveston	48167724300	2	0.1%	2	Yes
Mission	Hidalgo	48215020300	4	0.1%	1	No
Port Lavaca	Calhoun	48057990400	2	0.1%	3	No
Fort Worth	Tarrant	48439104602	1	0.1%	1	Yes
New Braunfels	Comal	48187210503	1	0.1%	2	No
Amarillo	Potter	48375015300	1	0.1%	1	Yes
New Braunfels	Comal	48091310900	1	0.0%	2	No
New Braunfels	Comal	48091310402	1	0.0%	2	No

§49.6(h) QCTs 2007 HTC Site Demographic Characteristics Report

Number of Units by Census Tract
Area Type: 1=Urban, 2=Exurban, 3=Rural

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Fort Worth	Tarrant	48439103100	404	152.5%	1	Yes
San Antonio	Bexar	48029152000	240	125.7%	1	Yes
Dallas	Dallas	48113010000	450	125.0%	1	Yes
Dallas	Dallas	48113016605	1202	110.8%	1	Yes
Laredo	Webb	48479000400	165	73.7%	1	Yes
Houston	Harris	48201331400	681	72.7%	1	Yes
Grand Prairie	Dallas	48113016100	605	68.5%	2	Yes
San Antonio	Bexar	48029151900	530	61.3%	1	Yes
Denton	Denton	48121021200	1438	54.0%	2	Yes
Houston	Harris	48201422200	1190	53.2%	1	Yes
Port Arthur	Jefferson	48245007001	1242	52.8%	1	Yes
Houston	Harris	48201222700	677	52.2%	1	Yes
Austin	Travis	48453002312	528	47.1%	1	Yes
Dallas	Dallas	48113012302	814	44.4%	1	Yes
Tyler	Smith	48423000700	479	43.5%	1	Yes
South Houston	Harris	48201321500	307	43.1%	2	Yes
Houston	Harris	48201550100	650	41.7%	1	Yes
DeSoto	Dallas	48113016605	438	40.4%	2	Yes
Dallas	Dallas	48113012208	349	39.6%	1	Yes
Houston	Harris	48201331200	413	39.1%	1	Yes
Dallas	Dallas	48113003901	264	38.2%	1	Yes
San Antonio	Bexar	48029121404	624	38.0%	1	Yes
Houston	Harris	48201410100	255	37.6%	1	Yes
Houston	Harris	48201221400	603	37.4%	1	Yes
Austin	Travis	48453002413	325	37.3%	1	Yes
Abilene	Taylor	48441010200	220	36.7%	1	Yes
Brownwood	Brown	48049950600	332	36.0%	3	Yes
Houston	Harris	48201230600	338	36.0%	1	Yes
Dallas	Dallas	48113001600	476	35.9%	1	Yes
McKinney	Collin	48085030900	641	35.8%	2	Yes
Conroe	Montgomery	48339693400	506	35.8%	2	Yes
San Antonio	Bexar	48029170800	176	34.0%	1	Yes
Houston	Harris	48201222600	496	33.6%	1	Yes
Corpus Christi	Nueces	48355005000	163	32.5%	1	Yes
Dallas	Dallas	48113008604	256	32.3%	1	Yes
Austin	Travis	48453002202	390	31.7%	1	Yes
Dallas	Dallas	48113003500	275	31.6%	1	Yes
Temple	Bell	48027020900	181	31.4%	1	Yes
Cleburne	Johnson	48251130800	366	30.4%	2	Yes
Georgetown	Williamson	48491021402	343	30.1%	2	Yes
San Antonio	Bexar	48029130800	408	29.7%	1	Yes
Odessa	Ector	48135001800	248	29.6%	1	Yes
San Antonio	Bexar	48029110600	350	29.4%	1	Yes
Fort Worth	Tarrant	48439103300	168	29.3%	1	Yes
Dallas	Dallas	48113007818	824	29.1%	1	Yes
Beaumont	Jefferson	48245000103	315	29.0%	1	Yes
Dallas	Dallas	48113011401	385	28.9%	1	Yes
Fort Worth	Tarrant	48439101800	167	28.8%	1	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Houston	Harris	48201530700	428	28.0%	1	Yes
San Angelo	Tom Green	48451000500	160	27.8%	1	Yes
Dallas	Dallas	48113006002	376	27.7%	1	Yes
Dallas	Dallas	48113005902	360	27.5%	1	Yes
Brownsville	Cameron	48061013106	332	27.0%	1	Yes
Dallas	Dallas	48113015900	200	27.0%	1	Yes
Houston	Harris	48201313800	406	26.7%	1	Yes
Dallas	Dallas	48113008701	400	26.2%	1	Yes
Terrell	Kaufman	48257050500	336	26.0%	3	Yes
Houston	Harris	48201231200	454	25.5%	1	Yes
Midland	Midland	48329001700	250	25.3%	1	Yes
Austin	Travis	48453002308	502	25.2%	1	Yes
Houston	Harris	48201533400	574	25.1%	1	Yes
Dallas	Dallas	48113009804	553	24.2%	1	Yes
Austin	Travis	48453002311	655	23.9%	1	Yes
Dallas	Dallas	48113010704	264	23.8%	1	Yes
Arlington	Tarrant	48439121902	702	23.7%	1	Yes
Pasadena	Harris	48201323900	264	23.1%	2	Yes
Houston	Harris	48201533200	358	22.7%	1	Yes
San Marcos	Hays	48209010500	206	22.6%	2	Yes
Abilene	Taylor	48441010300	124	22.6%	1	Yes
San Antonio	Bexar	48029150800	200	22.4%	1	Yes
Longview	Gregg	48183001100	260	22.3%	1	Yes
Edinburg	Hidalgo	48215023700	330	21.8%	1	Yes
Houston	Harris	48201531900	244	21.7%	1	Yes
Dallas	Dallas	48113010701	200	21.5%	1	Yes
Galveston	Galveston	48167724600	196	21.4%	2	Yes
Lubbock	Lubbock	48303000900	320	21.4%	1	Yes
Dallas	Dallas	48113009000	476	21.4%	1	Yes
Dallas	Dallas	48113009304	374	21.4%	1	Yes
San Antonio	Bexar	48029131200	230	21.0%	1	Yes
Dallas	Dallas	48113007201	588	20.6%	1	Yes
Dallas	Dallas	48113010802	426	20.4%	1	Yes
Houston	Harris	48201220600	200	20.3%	1	Yes
Dallas	Dallas	48113006900	243	20.3%	1	Yes
Dallas	Dallas	48113010200	152	20.2%	1	Yes
Pharr	Hidalgo	48215021303	281	20.0%	1	Yes
Dallas	Dallas	48113010902	436	19.9%	1	Yes
Brownsville	Cameron	48061014001	189	19.8%	1	Yes
Fort Worth	Tarrant	48439106300	184	19.6%	1	Yes
Nacogdoches	Nacogdoches	48347951000	329	19.5%	3	Yes
Houston	Harris	48201220700	324	19.3%	1	Yes
Abilene	Taylor	48441011000	98	19.0%	1	Yes
Pasadena	Harris	48201323500	309	19.0%	2	Yes
Fort Worth	Tarrant	48439101100	36	17.4%	1	Yes
Hillsboro	Hill	48217961000	132	17.4%	3	Yes
San Antonio	Bexar	48029161000	140	17.3%	1	Yes
Waco	McLennan	48309001200	200	17.0%	1	Yes
Waco	McLennan	48309001500	200	16.9%	1	Yes
Denton	Denton	48121020601	250	16.9%	2	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Brownsville	Cameron	48061013401	151	16.9%	1	Yes
Gainesville	Cooke	48097990500	212	16.8%	3	Yes
Cleburne	Johnson	48251130900	156	16.8%	2	Yes
Houston	Harris	48201510200	196	16.7%	1	Yes
Houston	Harris	48201521200	355	16.6%	1	Yes
San Antonio	Bexar	48029171600	250	16.2%	1	Yes
Austin	Travis	48453002105	340	16.1%	1	Yes
San Antonio	Bexar	48029161501	407	15.9%	1	Yes
Lubbock	Lubbock	48303000302	316	15.8%	1	Yes
Houston	Harris	48201452600	312	15.4%	1	Yes
Houston	Harris	48201220500	280	15.2%	1	Yes
Corpus Christi	Nueces	48355000700	200	15.1%	1	Yes
El Paso	El Paso	48141001700	51	15.1%	1	Yes
Beaumont	Jefferson	48245002200	150	14.9%	1	Yes
Midland	Midland	48329001400	160	14.8%	1	Yes
Palestine	Anderson	48001950500	211	14.5%	3	Yes
College Station	Brazos	48041001700	392	14.2%	1	Yes
Houston	Harris	48201531800	99	14.2%	1	Yes
Fort Worth	Tarrant	48439100501	280	14.2%	1	Yes
Houston	Harris	48201231300	168	13.8%	1	Yes
Dallas	Dallas	48113008704	153	13.6%	1	Yes
Houston	Harris	48201532000	488	13.6%	1	Yes
Lufkin	Angelina	48005000500	208	13.4%	3	Yes
Corpus Christi	Nueces	48355000800	124	13.2%	1	Yes
Houston	Harris	48201230200	248	13.1%	1	Yes
Houston	Harris	48201220400	170	13.0%	1	Yes
Houston	Harris	48201310100	150	13.0%	1	Yes
El Paso	El Paso	48141003502	186	12.9%	1	Yes
San Marcos	Hays	48209010301	495	12.8%	2	Yes
Dallas	Dallas	48113011500	188	12.8%	1	Yes
Dallas	Dallas	48113007819	264	12.7%	1	Yes
San Antonio	Bexar	48029181806	248	12.7%	1	Yes
Houston	Harris	48201310900	234	12.7%	1	Yes
San Antonio	Bexar	48029110100	196	12.3%	1	Yes
Fort Worth	Tarrant	48439104802	200	12.2%	1	Yes
Dallas	Dallas	48113002701	178	12.0%	1	Yes
Arlington	Tarrant	48439122800	366	12.0%	1	Yes
Del Rio	Val Verde	48465950400	150	11.7%	3	Yes
Houston	Harris	48201533300	250	11.7%	1	Yes
Houston	Harris	48201221500	220	11.6%	1	Yes
Austin	Travis	48453000802	131	11.6%	1	Yes
Fort Worth	Tarrant	48439105205	320	11.6%	1	Yes
Paris	Lamar	48277000500	203	11.6%	3	Yes
Dallas	Dallas	48113019209	303	11.5%	1	Yes
Lubbock	Lubbock	48303001200	100	11.4%	1	Yes
Commerce	Hunt	48231960500	161	11.3%	3	Yes
Dallas	Dallas	48113009802	192	11.2%	1	Yes
Orange	Orange	48361020200	200	11.1%	3	Yes
Huntsville	Walker	48471790800	232	11.0%	3	Yes
Fort Worth	Tarrant	48439106102	140	11.0%	1	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
San Antonio	Bexar	48029130900	150	11.0%	1	Yes
Crystal City	Zavala	48507950301	60	11.0%	3	Yes
San Antonio	Bexar	48029130400	252	10.7%	1	Yes
Pasadena	Harris	48201323000	240	10.7%	2	Yes
Houston	Harris	48201232700	414	10.7%	1	Yes
Mercedes	Hidalgo	48215023101	228	10.6%	3	Yes
Dallas	Dallas	48113010101	120	10.6%	1	Yes
San Antonio	Bexar	48029110300	105	10.5%	1	Yes
Greenville	Hunt	48231960900	178	10.5%	2	Yes
Dallas	Dallas	48113010801	212	10.4%	1	Yes
Waxahachie	Ellis	48139060400	121	10.2%	2	Yes
Garland	Dallas	48113019013	183	10.1%	2	Yes
San Antonio	Bexar	48029170500	160	10.1%	1	Yes
Freeport	Brazoria	48039664300	178	10.0%	2	Yes
Belton	Bell	48027021602	54	10.0%	1	Yes
Marshall	Harrison	48203020402	167	9.7%	3	Yes
Longview	Gregg	48183001400	137	9.5%	1	Yes
Hereford	Deaf Smith	48117950500	107	9.4%	3	Yes
Dallas	Dallas	48113011800	229	9.4%	1	Yes
Lockhart	Caldwell	48055960200	104	9.3%	3	Yes
Jefferson	Marion	48315950400	86	9.2%	3	Yes
Houston	Harris	48201320600	200	9.1%	1	Yes
San Antonio	Bexar	48029160100	143	8.8%	1	Yes
Irving	Dallas	48113014602	132	8.8%	2	Yes
Austin	Travis	48453001805	175	8.8%	1	Yes
Abilene	Taylor	48441011700	80	8.8%	1	Yes
Palestine	Anderson	48001950700	76	8.7%	3	Yes
Pasadena	Harris	48201323100	93	8.6%	2	Yes
Houston	Harris	48201211300	189	8.6%	1	Yes
Houston	Harris	48201220800	76	8.5%	1	Yes
Austin	Travis	48453000902	136	8.5%	1	Yes
Robstown	Nueces	48355005602	169	8.4%	3	Yes
Dallas	Dallas	48113006700	161	8.3%	1	Yes
Austin	Travis	48453002107	122	8.3%	1	Yes
Greenville	Hunt	48231960800	100	8.3%	2	Yes
San Antonio	Bexar	48029180400	112	8.2%	1	Yes
Houston	Harris	48201433000	433	8.2%	1	Yes
Rosenberg	Fort Bend	48157675000	84	8.2%	2	Yes
Houston	Harris	48201332800	114	8.0%	1	Yes
Mathis	San Patricio	48409011300	134	8.0%	3	Yes
Waco	McLennan	48309001400	205	7.9%	1	Yes
San Antonio	Bexar	48029171400	152	7.8%	1	Yes
Roma	Starr	48427950702	68	7.7%	3	Yes
Edcouch	Hidalgo	48215024500	121	7.6%	3	Yes
Amarillo	Potter	48375014800	68	7.5%	1	Yes
Amarillo	Potter	48375012000	54	7.5%	1	Yes
Tyler	Smith	48423000201	95	7.4%	1	Yes
Huntsville	Walker	48471790600	76	7.4%	3	Yes
Temple	Bell	48027020701	61	7.4%	1	Yes
Austin	Travis	48453002304	196	7.4%	1	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Vernon	Wilbarger	48487950500	85	7.4%	3	Yes
Houston	Harris	48201421400	302	7.3%	1	Yes
Grand Prairie	Dallas	48113015500	102	6.8%	2	Yes
Pearsall	Frio	48163950200	106	6.8%	3	Yes
Texarkana	Bowie	48037010400	112	6.7%	1	Yes
Pittsburg	Camp	48063950200	116	6.7%	3	Yes
Dallas	Dallas	48113012000	150	6.6%	1	Yes
Cleveland	Liberty	48291700200	70	6.6%	3	Yes
Houston	Harris	48201230700	66	6.5%	1	Yes
Houston	Harris	48201240500	228	6.5%	1	Yes
Cotulla	La Salle	48283950100	100	6.5%	3	Yes
Laredo	Webb	48479000300	50	6.3%	1	Yes
San Antonio	Bexar	48029170700	87	6.2%	1	Yes
Beaumont	Jefferson	48245002300	105	6.1%	1	Yes
Houston	Harris	48201433500	278	6.0%	1	Yes
San Antonio	Bexar	48029180800	85	5.9%	1	Yes
Kingsville	Kleberg	48273020200	120	5.9%	3	Yes
El Paso	El Paso	48141003903	95	5.7%	1	Yes
Bay City	Matagorda	48321730400	60	5.7%	3	Yes
Corpus Christi	Nueces	48355001700	152	5.7%	1	Yes
Marshall	Harrison	48203020401	76	5.7%	3	Yes
Runge	Karnes	48255970400	32	5.6%	3	Yes
Dilley	Frio	48163950300	68	5.5%	3	Yes
Alice	Jim Wells	48249950600	76	5.5%	3	Yes
Longview	Gregg	48183001500	79	5.4%	1	Yes
Eagle Pass	Maverick	48323950500	100	5.4%	3	Yes
Donna	Hidalgo	48215022202	108	5.3%	3	Yes
Houston	Harris	48201210500	81	5.3%	1	Yes
Uvalde	Uvalde	48463950500	100	5.3%	3	Yes
El Paso	El Paso	48141001900	54	5.2%	1	Yes
Odessa	Ector	48135000700	85	5.2%	1	Yes
Austin	Travis	48453000901	26	5.2%	1	Yes
Bryan	Brazos	48041000900	48	5.2%	1	Yes
Waco	McLennan	48309001900	64	5.2%	1	Yes
El Paso	El Paso	48141001800	25	5.0%	1	Yes
Houston	Harris	48201510100	27	4.9%	1	Yes
Dallas	Dallas	48113001504	61	4.9%	1	Yes
Dallas	Dallas	48113003400	30	4.8%	1	Yes
Austin	Travis	48453002316	100	4.8%	1	Yes
Lubbock	Lubbock	48303001703	144	4.7%	1	Yes
Houston	Harris	48201432700	173	4.7%	1	Yes
Paris	Lamar	48277000800	68	4.7%	3	Yes
Houston	Harris	48201421600	93	4.7%	1	Yes
Plainview	Hale	48189950200	60	4.7%	3	Yes
Nacogdoches	Nacogdoches	48347950700	76	4.6%	3	Yes
Austin	Travis	48453001812	117	4.5%	1	Yes
Weslaco	Hidalgo	48215023101	96	4.4%	1	Yes
Dallas	Dallas	48113004900	60	4.4%	1	Yes
Big Spring	Howard	48227950400	63	4.3%	3	Yes
Alamo	Hidalgo	48215021901	76	4.3%	1	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Arlington	Tarrant	48439121703	75	4.2%	1	Yes
Athens	Henderson	48213951200	76	4.2%	3	Yes
Dallas	Dallas	48113001400	63	4.1%	1	Yes
Raymondville	Willacy	48489950400	61	4.1%	3	Yes
Carrizo Springs	Dimmit	48127950200	102	4.1%	3	Yes
Rockport	Aransas	48007950400	55	4.0%	3	Yes
Dallas	Dallas	48113002000	76	4.0%	1	Yes
Houston	Harris	48201332000	72	3.9%	1	Yes
Mount Pleasant	Titus	48449950600	48	3.9%	3	Yes
Fort Stockton	Pecos	48371950300	47	3.9%	3	Yes
Kirbyville	Jasper	48241950600	36	3.8%	3	Yes
Longview	Gregg	48183001200	40	3.8%	1	Yes
Marlin	Falls	48145990300	56	3.7%	3	Yes
El Paso	El Paso	48141000404	47	3.7%	1	Yes
Alice	Jim Wells	48249950500	72	3.6%	3	Yes
Calvert	Robertson	48395960200	24	3.5%	3	Yes
Mineral Wells	Palo Pinto	48363980800	40	3.4%	3	Yes
Menard	Menard	48327950200	24	3.4%	3	Yes
El Paso	El Paso	48141001600	62	3.0%	1	Yes
Marlin	Falls	48145990400	25	2.9%	3	Yes
Austin	Travis	48453002307	70	2.8%	1	Yes
Zapata	Zapata	48505950300	68	2.8%	3	Yes
Crockett	Houston	48225950400	36	2.8%	3	Yes
Rio Grande City	Starr	48427950500	40	2.8%	3	Yes
San Diego	Duval	48131950100	44	2.7%	3	Yes
San Antonio	Bexar	48029151100	50	2.4%	1	Yes
Huntsville	Walker	48471790700	50	2.4%	3	Yes
Gonzales	Gonzales	48177990300	30	2.3%	3	Yes
Harlingen	Cameron	48061010900	16	2.3%	1	Yes
Eagle Pass	Maverick	48323950202	60	2.1%	3	Yes
Presidio	Presidio	48377950200	30	2.1%	3	Yes
Houston	Harris	48201521100	15	2.0%	1	Yes
Austin	Travis	48453002111	26	1.9%	1	Yes
El Paso	El Paso	48141000301	36	1.7%	1	Yes
Lufkin	Angelina	48005000600	28	1.6%	3	Yes
San Antonio	Bexar	48029170200	29	1.6%	1	Yes
El Paso	El Paso	48141000800	31	1.6%	1	Yes
San Antonio	Bexar	48029150300	24	1.5%	1	Yes
Rio Grande City	Starr	48427950600	24	1.5%	3	Yes
Luling	Caldwell	48055960700	30	1.5%	3	Yes
Socorro	El Paso	48141010403	52	1.5%	1	Yes
Denton	Denton	48121021100	24	1.5%	2	Yes
Anthony	El Paso	48141002800	26	1.4%	1	Yes
Houston	Harris	48201230400	18	1.4%	1	Yes
Eagle Pass	Maverick	48323950300	20	1.3%	3	Yes
Austin	Travis	48453002109	16	1.3%	1	Yes
Fabens	El Paso	48141010503	24	1.2%	3	Yes
El Paso	El Paso	48141002800	21	1.2%	1	Yes
La Casita-Garciasville	Starr	48427950400	28	1.1%	3	Yes
Brownfield	Terry	48445950400	24	0.9%	3	Yes

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
El Paso	El Paso	48141002100	9	0.8%	1	Yes
Hearne	Robertson	48395960500	16	0.7%	3	Yes
Conroe	Montgomery	48339693100	19	0.7%	2	Yes
Amarillo	Potter	48375013900	7	0.7%	1	Yes
Amarillo	Potter	48375013000	4	0.6%	1	Yes
Clint	El Paso	48141010403	20	0.6%	3	Yes
Fort Worth	Tarrant	48439104604	4	0.6%	1	Yes
Austin	Travis	48453000803	3	0.4%	1	Yes
Fort Worth	Tarrant	48439104603	2	0.2%	1	Yes
Amarillo	Potter	48375012200	2	0.2%	1	Yes
Galveston	Galveston	48167724300	2	0.1%	2	Yes
Fort Worth	Tarrant	48439104602	1	0.1%	1	Yes
Amarillo	Potter	48375015300	1	0.1%	1	Yes
Houston	Harris	48201331000	248	12400.0%	1	No
Fort Worth	Tarrant	48439106600	648	79.6%	1	No
Houston	Harris	48201240200	582	73.6%	1	No
Dallas	Dallas	48113006301	1076	67.5%	1	No
Brownsville	Cameron	48061012610	184	59.9%	1	No
San Antonio	Bexar	48029161200	280	51.4%	1	No
Austin	Travis	48453002201	250	48.3%	1	No
Austin	Travis	48453002110	441	46.3%	1	No
Arlington	Tarrant	48439111543	541	45.0%	1	No
Irving	Dallas	48113014802	169	38.1%	2	No
Houston	Harris	48201232500	244	34.0%	1	No
Lancaster	Dallas	48113016703	422	33.8%	2	No
Houston	Harris	48201222200	326	32.7%	1	No
Houston	Harris	48201550800	238	32.6%	1	No
Dallas	Dallas	48113007809	386	31.9%	1	No
Waxahachie	Ellis	48139060500	250	30.1%	2	No
Fort Worth	Tarrant	48439111013	248	29.7%	1	No
Amarillo	Potter	48375011100	218	29.0%	1	No
Dallas	Dallas	48113016902	280	28.9%	1	No
Brownsville	Cameron	48061012608	250	27.7%	1	No
Dallas	Dallas	48113010901	696	27.6%	1	No
Houston	Harris	48201552600	580	27.4%	1	No
Houston	Harris	48201453300	250	26.7%	1	No
Houston	Harris	48201330800	240	26.6%	1	No
Hitchcock	Galveston	48167723700	214	26.6%	2	No
Houston	Harris	48201330400	280	26.1%	1	No
Alvin	Brazoria	48039661100	178	25.5%	2	No
Pasadena	Harris	48201342200	489	25.3%	2	No
Dallas	Dallas	48113012100	322	25.2%	1	No
El Paso	El Paso	48141004105	314	24.3%	1	No
Mesquite	Dallas	48113018130	356	24.3%	2	No
Dallas	Dallas	48113000800	482	23.5%	1	No
Austin	Travis	48453002313	376	22.8%	1	No
Austin	Travis	48453001835	360	22.4%	1	No
Arlington	Tarrant	48439111523	520	22.2%	1	No
Dallas	Dallas	48113011601	240	21.6%	1	No
Houston	Harris	48201350100	260	21.1%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Fort Worth	Tarrant	48439110704	330	20.7%	1	No
Jacinto City	Harris	48201233400	160	20.6%	2	No
McAllen	Hidalgo	48215020503	324	20.5%	1	No
San Antonio	Bexar	48029141300	408	20.3%	1	No
Fort Worth	Tarrant	48439104605	310	20.3%	1	No
San Antonio	Bexar	48029180202	444	20.2%	1	No
Houston	Harris	48201532900	326	19.7%	1	No
Dallas	Dallas	48113011200	250	19.7%	1	No
Houston	Harris	48201550300	932	19.1%	1	No
Houston	Harris	48201240700	252	18.9%	1	No
Ennis	Ellis	48139061700	250	18.8%	3	No
Stafford	Fort Bend	48157671400	250	18.6%	2	No
Sherman	Grayson	48181001700	289	18.4%	2	No
McKinney	Collin	48085030800	525	18.4%	2	No
Houston	Harris	48201313900	260	18.3%	1	No
Houston	Harris	48201520400	158	18.1%	1	No
Austin	Travis	48453001842	248	18.0%	1	No
Fort Worth	Tarrant	48439102100	430	17.9%	1	No
Houston	Harris	48201533900	510	17.8%	1	No
Austin	Travis	48453002411	240	17.6%	1	No
Fort Worth	Tarrant	48439113916	240	17.4%	1	No
Carrollton	Denton	48113013718	244	17.4%	2	No
San Antonio	Bexar	48029181602	336	17.3%	1	No
San Marcos	Hays	48209010400	274	17.2%	2	No
Fort Worth	Tarrant	48439111005	280	17.1%	1	No
Plano	Collin	48085031803	351	17.0%	2	No
Wichita Falls	Wichita	48485011500	140	17.0%	1	No
Pharr	Hidalgo	48215021302	276	16.9%	1	No
Houston	Harris	48201552200	248	16.7%	1	No
Houston	Harris	48201340100	216	16.5%	1	No
San Antonio	Bexar	48029181505	280	16.2%	1	No
San Antonio	Bexar	48029171902	250	16.1%	1	No
Houston	Harris	48201455200	248	16.1%	1	No
The Woodlands	Montgomery	48339691300	620	16.1%	2	No
Austin	Travis	48453001908	160	16.0%	1	No
Houston	Harris	48201420200	161	15.9%	1	No
Wichita Falls	Wichita	48485011600	210	15.8%	1	No
Austin	Travis	48453002108	196	15.8%	1	No
Terrell	Kaufman	48257050701	187	15.8%	3	No
Dallas	Dallas	48113006800	318	15.8%	1	No
San Antonio	Bexar	48029171700	371	15.8%	1	No
Texas City	Galveston	48167722700	230	15.8%	2	No
Corpus Christi	Nueces	48355005405	180	15.4%	1	No
El Paso	El Paso	48413950200	128	15.4%	1	No
DeSoto	Dallas	48113016619	180	15.3%	2	No
McKinney	Collin	48085030602	420	15.3%	2	No
Victoria	Victoria	48469000302	116	15.1%	1	No
Fort Worth	Tarrant	48439110401	252	15.1%	1	No
Port Arthur	Jefferson	48245006500	200	15.0%	1	No
Fort Worth	Tarrant	48439105005	280	14.9%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Pasadena	Harris	48201322900	182	14.9%	2	No
Keller	Tarrant	48439113911	250	14.9%	2	No
Garland	Dallas	48113018131	464	14.8%	2	No
Amarillo	Potter	48375013300	184	14.7%	1	No
Amarillo	Potter	48375011600	261	14.7%	1	No
Brownsville	Cameron	48061012504	223	14.7%	1	No
Houston	Harris	48201240300	216	14.7%	1	No
Houston	Harris	48201333300	276	14.6%	1	No
San Antonio	Bexar	48029151000	152	14.5%	1	No
Abilene	Taylor	48441010900	388	14.4%	1	No
Plano	Collin	48085031631	240	14.3%	2	No
Amarillo	Potter	48375012600	120	14.3%	1	No
Angleton	Brazoria	48039662100	248	14.3%	3	No
Grand Prairie	Dallas	48439113002	264	14.2%	2	No
Victoria	Victoria	48469001601	303	14.2%	1	No
Austin	Travis	48453001823	290	13.8%	1	No
Houston	Harris	48201553000	452	13.8%	1	No
Houston	Harris	48201350400	250	13.8%	1	No
Houston	Harris	48201453900	240	13.6%	1	No
Georgetown	Williamson	48491021403	105	13.4%	2	No
Denison	Grayson	48181000501	176	13.3%	2	No
Austin	Travis	48453001847	240	13.3%	1	No
Houston	Harris	48201521500	251	13.2%	1	No
San Antonio	Bexar	48029161302	140	13.1%	1	No
Grand Prairie	Dallas	48113015404	160	13.1%	2	No
The Woodlands	Montgomery	48339691500	216	13.0%	2	No
Arlington	Tarrant	48439113111	350	12.6%	1	No
Dallas	Dallas	48113006100	196	12.6%	1	No
Baytown	Harris	48201254400	128	12.6%	2	No
Humble	Harris	48201250200	192	12.6%	2	No
Harlingen	Cameron	48061010602	80	12.6%	1	No
Odessa	Ector	48135002000	120	12.6%	1	No
Rosenberg	Fort Bend	48157675100	252	12.4%	2	No
Euless	Tarrant	48439113514	260	12.4%	2	No
Mansfield	Tarrant	48439111305	280	12.3%	2	No
Mission	Hidalgo	48215020100	336	12.3%	1	No
Port Lavaca	Calhoun	48057990200	181	12.2%	3	No
Weatherford	Parker	48367140100	292	12.2%	3	No
Arlington	Tarrant	48439121610	114	12.2%	1	No
Fredericksburg	Gillespie	48171950500	127	12.1%	3	No
Fort Worth	Tarrant	48439100201	121	12.1%	1	No
Pflugerville	Travis	48453001836	654	12.1%	2	No
Plano	Collin	48085031632	240	12.0%	2	No
Garland	Dallas	48113019026	220	11.9%	2	No
Dallas	Dallas	48113016501	256	11.7%	1	No
Houston	Harris	48201454300	468	11.7%	1	No
Houston	Harris	48201422500	314	11.7%	1	No
Fort Worth	Tarrant	48439105511	216	11.6%	1	No
Irving	Dallas	48113014405	155	11.6%	2	No
Dallas	Dallas	48113019016	158	11.5%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
White Settlement	Tarrant	48439110704	184	11.5%	2	No
Amarillo	Potter	48375015000	235	11.5%	1	No
Pasadena	Harris	48201323600	303	11.5%	2	No
Houston	Harris	48201520500	285	11.4%	1	No
San Antonio	Bexar	48029171906	165	11.4%	1	No
Irving	Dallas	48113014110	504	11.4%	2	No
Fort Worth	Tarrant	48439110804	192	11.4%	1	No
Waco	McLennan	48309002100	207	11.2%	1	No
Fort Worth	Tarrant	48439114001	186	11.2%	1	No
Arlington	Tarrant	48439121702	260	11.1%	1	No
Austin	Travis	48453002421	148	11.1%	1	No
Houston	Harris	48339692400	193	11.0%	1	No
Grapevine	Tarrant	48439113705	224	10.9%	2	No
Texas City	Galveston	48167721900	242	10.9%	2	No
Mount Vernon	Franklin	48159950200	100	10.9%	3	No
San Antonio	Bexar	48029121403	166	10.8%	1	No
Houston	Harris	48201330300	260	10.8%	1	No
Austin	Travis	48453001813	228	10.8%	1	No
Irving	Dallas	48113014310	144	10.6%	2	No
Houston	Harris	48201330100	372	10.6%	1	No
Corpus Christi	Nueces	48355003302	306	10.5%	1	No
Amarillo	Potter	48375010700	120	10.5%	1	No
Fort Worth	Tarrant	48439105508	237	10.5%	1	No
College Station	Brazos	48041001601	199	10.4%	1	No
El Paso	El Paso	48141000101	234	10.4%	1	No
Greenville	Hunt	48231961300	250	10.3%	2	No
Houston	Harris	48201333900	272	10.3%	1	No
Fort Worth	Tarrant	48439106511	180	10.3%	1	No
Baytown	Harris	48201253200	250	10.3%	2	No
Dallas	Dallas	48113011101	144	10.1%	1	No
Houston	Harris	48201551900	240	10.1%	1	No
Austin	Travis	48453002422	200	10.1%	1	No
Austin	Travis	48453002419	173	10.1%	1	No
Dallas	Dallas	48113010803	252	10.0%	1	No
Watauga	Tarrant	48439113809	166	10.0%	2	No
Round Rock	Williamson	48491020703	255	10.0%	2	No
La Porte	Harris	48201343100	141	10.0%	2	No
Houston	Harris	48201251700	200	10.0%	1	No
Houston	Harris	48201540300	212	9.9%	1	No
Seguin	Guadalupe	48187210200	152	9.8%	2	No
Kaufman	Kaufman	48257051100	154	9.8%	3	No
Arlington	Tarrant	48439111532	224	9.8%	1	No
Killeen	Bell	48027022401	128	9.7%	1	No
Dallas	Dallas	48113012301	158	9.7%	1	No
Grand Prairie	Dallas	48439111539	176	9.7%	2	No
Hondo	Medina	48325990300	187	9.6%	3	No
Georgetown	Williamson	48491020102	224	9.5%	2	No
San Antonio	Bexar	48029181801	248	9.5%	1	No
Houston	Harris	48201422400	368	9.5%	1	No
Hurst	Tarrant	48439113408	197	9.4%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Taylor	Williamson	48491021100	90	9.3%	3	No
Bryan	Brazos	48041001000	232	9.3%	1	No
Dallas	Dallas	48113006200	172	9.3%	1	No
Marble Falls	Burnet	48053960700	200	9.0%	3	No
Dallas	Dallas	48085031703	382	9.0%	1	No
Tyler	Smith	48423002007	176	8.9%	1	No
Frisco	Collin	48085030402	216	8.9%	2	No
Port Arthur	Jefferson	48245007002	120	8.8%	1	No
Wichita Falls	Wichita	48485012200	180	8.7%	1	No
Houston	Harris	48201453600	250	8.7%	1	No
Irving	Dallas	48113015202	103	8.7%	2	No
Spring	Harris	48339691600	304	8.7%	2	No
Plano	Collin	48085031648	194	8.6%	2	No
Wharton	Wharton	48481740500	106	8.6%	3	No
El Paso	El Paso	48141004309	128	8.6%	1	No
Amarillo	Potter	48375011700	144	8.6%	1	No
The Woodlands	Montgomery	48339691600	300	8.6%	2	No
Baytown	Harris	48201253500	210	8.5%	2	No
Beaumont	Jefferson	48245002100	110	8.5%	1	No
Fredericksburg	Gillespie	48171950400	180	8.5%	3	No
Mission	Hidalgo	48215024106	160	8.4%	1	No
Houston	Harris	48201533600	118	8.4%	1	No
Round Rock	Williamson	48491020705	168	8.4%	2	No
San Antonio	Bexar	48029151200	186	8.4%	1	No
Corpus Christi	Nueces	48355001902	172	8.4%	1	No
Dallas	Dallas	48113013614	374	8.3%	1	No
La Porte	Harris	48201343000	180	8.3%	2	No
Ennis	Ellis	48139061600	146	8.3%	3	No
Odessa	Ector	48135000500	136	8.3%	1	No
Austin	Travis	48453001833	174	8.3%	1	No
Harlingen	Cameron	48061011302	132	8.3%	1	No
Houston	Harris	48201530900	136	8.2%	1	No
Alvin	Brazoria	48039661200	126	8.2%	2	No
Texarkana	Bowie	48037011100	156	8.2%	1	No
DeSoto	Dallas	48113016606	198	8.2%	2	No
Ennis	Ellis	48139061500	112	8.2%	3	No
Houston	Harris	48201550400	416	8.2%	1	No
Kingsland	Llano	48299970500	170	8.1%	3	No
Irving	Dallas	48113014306	142	8.1%	2	No
Bryan	Brazos	48041000500	119	7.9%	1	No
Seguin	Guadalupe	48187210300	156	7.9%	2	No
Cedar Park	Williamson	48491020308	236	7.9%	2	No
Houston	Harris	48201421100	265	7.9%	1	No
Dallas	Dallas	48113004202	93	7.9%	1	No
Irving	Dallas	48113014701	127	7.8%	2	No
San Antonio	Bexar	48029181503	155	7.8%	1	No
Harlingen	Cameron	48061010800	174	7.8%	1	No
Victoria	Victoria	48469001604	150	7.7%	1	No
Buda	Hays	48209010902	144	7.7%	2	No
Laredo	Webb	48479001801	251	7.6%	1	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Edinburg	Hidalgo	48215023800	219	7.6%	1	No
Waco	McLennan	48309003000	144	7.6%	1	No
Garland	Dallas	48113018111	150	7.6%	2	No
Tyler	Smith	48423001700	160	7.5%	1	No
Sanger	Denton	48121020201	208	7.5%	3	No
Fort Worth	Tarrant	48439105510	116	7.4%	1	No
Houston	Harris	48201232800	153	7.4%	1	No
Katy	Harris	48201542300	174	7.3%	2	No
Lewisville	Denton	48121021712	218	7.3%	2	No
Dallas	Dallas	48467950100	120	7.3%	1	No
El Paso	El Paso	48141000203	152	7.1%	1	No
San Antonio	Bexar	48029180503	90	7.1%	1	No
Alamo	Hidalgo	48215021902	188	7.1%	1	No
Hereford	Deaf Smith	48117950400	131	7.1%	3	No
El Paso	El Paso	48141010315	36	7.0%	1	No
Dallas	Dallas	48113019202	145	7.0%	1	No
Donna	Hidalgo	48215022102	157	6.9%	3	No
Little Elm	Denton	48121020102	202	6.9%	2	No
Hitchcock	Galveston	48167723200	72	6.9%	2	No
Lake Dallas	Denton	48121021403	184	6.9%	3	No
Katy	Harris	48201542800	120	6.8%	2	No
Hillsboro	Hill	48217960700	52	6.8%	3	No
Fort Worth	Tarrant	48439105506	216	6.8%	1	No
Houston	Harris	48201252300	250	6.8%	1	No
Arlington	Tarrant	48439111524	171	6.7%	1	No
Laguna Vista	Cameron	48061012301	64	6.7%	3	No
Dayton	Liberty	48291700800	202	6.7%	3	No
Houston	Harris	48201541300	144	6.7%	1	No
Lubbock	Lubbock	48303002400	152	6.7%	1	No
Lancaster	Dallas	48113016705	126	6.7%	2	No
Fort Worth	Tarrant	48439106508	246	6.7%	1	No
San Antonio	Bexar	48029131000	120	6.7%	1	No
Tomball	Harris	48201555400	236	6.7%	3	No
San Antonio	Bexar	48029181003	160	6.7%	1	No
Hurst	Tarrant	48439113407	108	6.6%	2	No
Jasper	Jasper	48241950200	96	6.6%	3	No
Balch Springs	Dallas	48113017202	128	6.6%	2	No
Houston	Harris	48201232900	160	6.5%	1	No
Seagoville	Dallas	48113017003	158	6.5%	2	No
North Richland Hills	Tarrant	48439113217	108	6.5%	2	No
Killeen	Bell	48027022200	88	6.5%	1	No
Livingston	Polk	48373210500	110	6.5%	3	No
Euless	Tarrant	48439113515	250	6.4%	2	No
Henderson	Rusk	48401950700	76	6.4%	3	No
Temple	Bell	48027021202	103	6.4%	1	No
El Paso	El Paso	48141001201	100	6.3%	1	No
San Marcos	Hays	48209010904	156	6.3%	2	No
Houston	Harris	48201453200	164	6.3%	1	No
Houston	Harris	48201232400	254	6.3%	1	No
Lewisville	Denton	48121021601	194	6.3%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
San Marcos	Hays	48209010600	180	6.2%	2	No
Mexia	Limestone	48293970300	47	6.1%	3	No
Azle	Tarrant	48439114204	109	6.1%	2	No
Plainview	Hale	48189950400	90	6.1%	3	No
Fort Worth	Tarrant	48439113914	248	6.1%	1	No
Midland	Midland	48329000305	124	6.1%	1	No
Killeen	Bell	48027022500	172	6.1%	1	No
Palacios	Matagorda	48321730600	122	6.1%	3	No
Jersey Village	Harris	48201552000	160	6.0%	2	No
San Antonio	Bexar	48029181706	150	6.0%	1	No
Webster	Harris	48201341200	216	6.0%	2	No
Leon Valley	Bexar	48029181704	100	6.0%	2	No
Austin	Travis	48453001822	142	6.0%	1	No
Austin	Travis	48453001852	204	5.9%	1	No
Canyon	Randall	48381021900	76	5.9%	3	No
Houston	Harris	48201522300	154	5.9%	1	No
La Porte	Harris	48201343500	61	5.9%	2	No
El Paso	El Paso	48141000206	88	5.9%	1	No
Katy	Harris	48201542700	84	5.8%	2	No
San Benito	Cameron	48061011400	97	5.8%	1	No
Laredo	Webb	48479001102	120	5.8%	1	No
Cedar Park	Williamson	48491020306	180	5.8%	2	No
Houston	Harris	48201533700	156	5.8%	1	No
Crockett	Houston	48225950500	100	5.7%	3	No
Jacksonville	Cherokee	48073950600	124	5.7%	3	No
San Antonio	Bexar	48029140800	100	5.7%	1	No
North Richland Hills	Tarrant	48439113219	194	5.7%	2	No
El Paso	El Paso	48141001112	96	5.7%	1	No
Tyler	Smith	48423001000	114	5.7%	1	No
Corrigan	Polk	48373210400	96	5.6%	3	No
Houston	Harris	48201432300	160	5.6%	1	No
Trinity	Trinity	48455950300	40	5.6%	3	No
Navasota	Grimes	48185180200	128	5.6%	3	No
Pearland	Brazoria	48039660700	246	5.6%	2	No
Carrollton	Denton	48121021605	144	5.5%	2	No
El Paso	El Paso	48141003804	64	5.5%	1	No
San Angelo	Tom Green	48451001400	112	5.5%	1	No
Corinth	Denton	48121021402	224	5.5%	2	No
Gainesville	Cooke	48097990600	100	5.5%	3	No
Weslaco	Hidalgo	48215022502	80	5.4%	1	No
Mount Pleasant	Titus	48449950700	28	5.4%	3	No
Balch Springs	Dallas	48113017201	96	5.4%	2	No
San Antonio	Bexar	48029161100	108	5.4%	1	No
College Station	Brazos	48041002003	92	5.4%	1	No
Hempstead	Waller	48473680500	147	5.4%	3	No
Cedar Park	Williamson	48453001765	90	5.3%	2	No
Amarillo	Potter	48375014700	117	5.3%	1	No
Llano	Llano	48299970200	76	5.3%	3	No
North Richland Hills	Tarrant	48439113806	180	5.3%	2	No
Cedar Park	Williamson	48491020309	132	5.3%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Baytown	Harris	48201254100	88	5.3%	2	No
Amarillo	Potter	48375013200	38	5.3%	1	No
Edinburg	Hidalgo	48215023600	100	5.2%	1	No
Dallas	Dallas	48113004500	100	5.2%	1	No
El Paso	El Paso	48141004003	100	5.2%	1	No
El Paso	El Paso	48141004202	104	5.2%	1	No
Queen City	Cass	48067950300	36	5.2%	3	No
Stephenville	Erath	48143950600	76	5.1%	3	No
Katy	Harris	48201454800	120	5.1%	2	No
Houston	Harris	48201551800	86	5.1%	1	No
Garland	Dallas	48113018119	152	5.1%	2	No
Madisonville	Madison	48313980400	84	5.1%	3	No
Clifton	Bosque	48035950500	56	5.1%	3	No
Dallas	Dallas	48113005400	80	5.1%	1	No
Euless	Tarrant	48439113511	60	5.0%	2	No
Quitman	Wood	48499950500	48	5.0%	3	No
Baytown	Harris	48201253000	62	5.0%	2	No
Anthony	El Paso	48141010203	34	5.0%	1	No
Texarkana	Bowie	48037010100	100	4.9%	1	No
Killeen	Bell	48027022102	129	4.9%	1	No
Floresville	Wilson	48493980600	58	4.9%	3	No
San Antonio	Bexar	48029180702	152	4.9%	1	No
Victoria	Victoria	48469001603	120	4.9%	1	No
Clute	Brazoria	48039663800	75	4.9%	2	No
El Paso	El Paso	48141004303	100	4.9%	1	No
Kingsville	Kleberg	48273020400	128	4.9%	3	No
Sonora	Sutton	48435950200	64	4.9%	3	No
Humble	Harris	48201240300	71	4.8%	2	No
Beaumont	Jefferson	48245001301	100	4.8%	1	No
Refugio	Refugio	48391950200	68	4.7%	3	No
Pampa	Gray	48179950400	96	4.7%	3	No
Fairfield	Freestone	48161980200	24	4.7%	3	No
Lampasas	Lampasas	48281950400	64	4.7%	3	No
Decatur	Wise	48497150200	89	4.7%	3	No
Spring	Harris	48201553400	168	4.7%	2	No
Perryton	Ochiltree	48357950300	47	4.7%	3	No
Houston	Harris	48201240800	154	4.7%	1	No
Port Isabel	Cameron	48061012304	76	4.6%	3	No
Beeville	Bee	48025950300	90	4.6%	3	No
Taylor	Williamson	48491021203	44	4.6%	3	No
El Paso	El Paso	48141004316	81	4.6%	1	No
Waller	Waller	48473680300	130	4.5%	3	No
Fort Worth	Tarrant	48439105704	126	4.5%	1	No
Sweeny	Brazoria	48039662800	107	4.5%	3	No
Houston	Harris	48201534000	115	4.5%	1	No
Wolfe City	Hunt	48231960200	40	4.5%	3	No
Ingleside	San Patricio	48409010300	144	4.5%	1	No
Sebastian	Willacy	48489950600	32	4.5%	3	No
Sulphur Springs	Hopkins	48223950500	48	4.4%	3	No
Princeton	Collin	48085031002	104	4.4%	2	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
El Paso	El Paso	48141010321	142	4.4%	1	No
Wylie	Collin	48085031303	90	4.4%	3	No
Floresville	Wilson	48493980300	70	4.3%	3	No
San Antonio	Bexar	48029121206	113	4.3%	1	No
Dallas	Dallas	48113013005	82	4.3%	1	No
Houston	Harris	48201552000	114	4.3%	1	No
El Campo	Wharton	48481741000	60	4.3%	3	No
Jacksboro	Jack	48237950300	59	4.3%	3	No
Boerne	Kendall	48259970500	71	4.3%	3	No
Hillsboro	Hill	48217961100	48	4.3%	3	No
San Antonio	Bexar	48029181601	50	4.3%	1	No
Houston	Harris	48201334000	147	4.2%	1	No
El Paso	El Paso	48141004004	64	4.2%	1	No
Electra	Wichita	48485013700	54	4.2%	3	No
Lewisville	Denton	48121021703	192	4.2%	2	No
Silsbee	Hardin	48199030700	56	4.1%	3	No
Forest Hill	Tarrant	48439111202	78	4.1%	2	No
Houston	Harris	48157670100	105	4.1%	1	No
Three Rivers	Live Oak	48297950100	60	4.1%	3	No
Channelview	Harris	48201252300	150	4.1%	2	No
New Braunfels	Comal	48091310300	100	4.1%	2	No
Boerne	Kendall	48259970300	100	4.0%	3	No
Nacogdoches	Nacogdoches	48347950500	124	4.0%	3	No
Rusk	Cherokee	48073950800	114	3.9%	3	No
Kerrville	Kerr	48265960300	152	3.9%	3	No
Springtown	Parker	48367140403	72	3.9%	3	No
Brenham	Washington	48477170300	76	3.9%	3	No
Austin	Travis	48453002417	93	3.9%	1	No
Highlands	Harris	48201253000	48	3.9%	2	No
Wills Point	Van Zandt	48467950500	60	3.9%	3	No
San Juan	Hidalgo	48215021802	86	3.9%	1	No
Cameron	Milam	48331950400	100	3.8%	3	No
San Antonio	Bexar	48029181809	72	3.8%	1	No
Big Spring	Howard	48227950800	76	3.7%	3	No
Childress	Childress	48075950200	80	3.7%	3	No
Brenham	Washington	48477170400	76	3.7%	3	No
Allen	Collin	48085031506	94	3.7%	2	No
Laredo	Webb	48479001706	56	3.7%	1	No
Ozona	Crockett	48105950100	56	3.7%	3	No
Trinity	Trinity	48455950500	36	3.7%	3	No
Cedar Hill	Dallas	48113016614	132	3.7%	2	No
Lake Jackson	Brazoria	48039663500	80	3.7%	2	No
Lufkin	Angelina	48005000400	75	3.7%	3	No
Dallas	Dallas	48113007814	112	3.6%	1	No
Pecos	Reeves	48371950400	55	3.6%	3	No
San Benito	Cameron	48061011500	65	3.6%	1	No
Palestine	Anderson	48001950800	79	3.6%	3	No
West	McLennan	48309004202	44	3.6%	3	No
Waco	McLennan	48309002302	91	3.6%	1	No
Breckenridge	Stephens	48429950200	56	3.5%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
El Paso	El Paso	48141010309	76	3.5%	1	No
Brady	McCulloch	48307950300	76	3.5%	3	No
Prairie View	Waller	48473680300	100	3.5%	3	No
Meadows Place	Fort Bend	48157672000	145	3.4%	2	No
Kilgore	Gregg	48183010600	76	3.4%	3	No
Mineral Wells	Palo Pinto	48363980400	72	3.4%	3	No
Houston	Harris	48201531600	40	3.4%	1	No
Lake Jackson	Brazoria	48039663400	80	3.4%	2	No
Waco	McLennan	48309003707	100	3.4%	1	No
Garrison	Nacogdoches	48347950100	32	3.4%	3	No
Junction	Kimble	48267950200	30	3.4%	3	No
Lubbock	Lubbock	48303010401	126	3.4%	1	No
Fort Worth	Tarrant	48439110203	88	3.4%	1	No
Cleveland	Liberty	48291700300	96	3.4%	3	No
Bryson	Jack	48237950200	16	3.4%	3	No
Hubbard	Hill	48217961300	36	3.4%	3	No
Burnet	Burnet	48053960200	30	3.4%	3	No
San Benito	Cameron	48061011600	60	3.4%	1	No
Terrell	Kaufman	48257050300	45	3.3%	3	No
Carthage	Panola	48365950400	88	3.3%	3	No
Elsa	Hidalgo	48215024401	74	3.3%	3	No
San Antonio	Bexar	48029141200	80	3.3%	1	No
Wallis	Austin	48015760100	24	3.3%	3	No
Kyle	Hays	48209010904	80	3.2%	3	No
Sour Lake	Hardin	48199030200	60	3.2%	3	No
Willis	Montgomery	48339694200	150	3.2%	3	No
San Augustine	San Augustin	48405950200	36	3.2%	3	No
Santa Fe	Galveston	48167723300	48	3.2%	2	No
Gilmer	Upshur	48459950400	54	3.1%	3	No
Johnson City	Blanco	48031950100	48	3.1%	3	No
Orange	Orange	48361021300	68	3.1%	3	No
Rockport	Aransas	48007950100	76	3.1%	3	No
Columbus	Colorado	48089750500	48	3.1%	3	No
Albany	Shackelford	48417950300	40	3.1%	3	No
Corsicana	Navarro	48349970900	76	3.1%	3	No
Graham	Young	48503950600	64	3.1%	3	No
Victoria	Victoria	48469000202	51	3.1%	1	No
Borger	Hutchinson	48233951000	47	3.0%	3	No
Socorro	El Paso	48141010310	64	3.0%	1	No
Center	Shelby	48381020200	32	3.0%	3	No
Del Rio	Val Verde	48465950201	76	3.0%	3	No
Seven Points	Henderson	48213950700	47	3.0%	3	No
League City	Galveston	48167721200	105	3.0%	2	No
Haltom City	Tarrant	48439110101	74	3.0%	2	No
Spring	Harris	48201241100	144	3.0%	2	No
Wichita Falls	Wichita	48485013200	76	3.0%	1	No
Joshua	Johnson	48251130206	56	3.0%	2	No
Brownwood	Brown	48049951100	44	2.9%	3	No
Hereford	Deaf Smith	48117950300	56	2.9%	3	No
Nocona	Montague	48337950300	36	2.9%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Honey Grove	Fannin	48147950100	32	2.9%	3	No
McGregor	McLennan	48387950600	36	2.9%	1	No
Lewisville	Denton	48121021709	163	2.9%	2	No
La Feria	Cameron	48061011902	36	2.9%	3	No
Venus	Johnson	48251130408	48	2.9%	3	No
Elgin	Bastrop	48453001837	76	2.9%	3	No
Eastland	Eastland	48133950200	68	2.8%	3	No
El Paso	El Paso	48141003401	58	2.8%	1	No
Burnet	Burnet	48053960300	54	2.8%	3	No
Sealy	Austin	48015760300	54	2.8%	3	No
Edgewood	Van Zandt	48467950300	46	2.8%	3	No
Idalou	Lubbock	48303010102	24	2.8%	3	No
Whitewright	Grayson	48181001802	40	2.8%	3	No
Dallas	Dallas	48113007102	60	2.8%	1	No
Colorado City	Mitchell	48335950200	56	2.7%	3	No
Yoakum	Lavaca	48123970100	40	2.7%	3	No
Edna	Jackson	48239950300	48	2.7%	3	No
Socorro	El Paso	48141010402	40	2.7%	1	No
Webster	Harris	48201341000	80	2.7%	2	No
Seagraves	Gaines	48165950100	32	2.7%	3	No
Hempstead	Waller	48473680300	76	2.7%	3	No
Hebbronville	Jim Hogg	48247950200	20	2.7%	3	No
Crosbyton	Crosby	48107950100	24	2.6%	3	No
Aransas Pass	San Patricio	48409010200	76	2.6%	3	No
Van Alstyne	Grayson	48181001803	40	2.6%	3	No
Coldspring	San Jacinto	48407200200	48	2.5%	3	No
Mineola	Wood	48499950800	48	2.5%	3	No
Alto	Cherokee	48073951000	32	2.5%	3	No
El Paso	El Paso	48141000106	44	2.5%	1	No
La Villa	Hidalgo	48215024600	30	2.5%	3	No
Brackettville	Kinney	48271950100	32	2.4%	3	No
Bellville	Austin	48015760500	72	2.4%	3	No
Groesbeck	Limestone	48293970600	44	2.4%	3	No
Elkhart	Anderson	48001951000	54	2.4%	3	No
Bandera	Bandera	48019980100	76	2.4%	3	No
Fort Stockton	Pecos	48371950400	36	2.4%	3	No
Levelland	Hockley	48219950200	36	2.4%	3	No
Santa Anna	Coleman	48083950700	24	2.4%	3	No
St. Jo	Montague	48337950100	24	2.3%	3	No
Detroit	Red River	48387950300	16	2.3%	3	No
Buna	Jasper	48241950800	23	2.3%	3	No
Snyder	Scurry	48415950600	39	2.3%	3	No
Rusk	Cherokee	48073950900	24	2.3%	3	No
Grand Saline	Van Zandt	48467950200	28	2.3%	3	No
Waskom	Harrison	48203020102	48	2.2%	3	No
Corinth	Denton	48121021401	76	2.2%	2	No
Pampa	Gray	48179950100	32	2.2%	3	No
Caldwell	Burleson	48051970300	32	2.2%	3	No
Groveton	Trinity	48455950200	32	2.2%	3	No
Leonard	Fannin	48147950701	32	2.2%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Irving	Dallas	48113014304	92	2.2%	2	No
Kerrville	Kerr	48265960500	48	2.2%	3	No
Bonham	Fannin	48147950400	65	2.2%	3	No
Goliad	Goliad	48175960100	32	2.1%	3	No
Presidio	Presidio	48377950100	23	2.1%	3	No
Sabinal	Uvalde	48463950100	24	2.1%	3	No
Bowie	Montague	48337950500	48	2.1%	3	No
Whitney	Hill	48217960600	10	2.1%	3	No
Alpine	Brewster	48043950300	36	2.1%	3	No
Eagle Lake	Colorado	48089750100	36	2.1%	3	No
Brenham	Washington	48477170200	43	2.1%	3	No
Keene	Johnson	48251131000	36	2.1%	3	No
Clarksville	Red River	48387950500	48	2.1%	3	No
Farmersville	Collin	48085031100	56	2.0%	3	No
Timpson	Shelby	48419950200	28	2.0%	3	No
Lone Star	Morris	48343950200	48	2.0%	3	No
Smithville	Bastrop	48021950700	32	2.0%	3	No
Donna	Hidalgo	48215022101	50	2.0%	3	No
Hidalgo	Hidalgo	48215021301	39	2.0%	3	No
Emory	Rains	48379950100	40	1.9%	3	No
Bastrop	Bastrop	48021950500	70	1.9%	3	No
Stephenville	Erath	48143950500	44	1.9%	3	No
Vidor	Orange	48361021900	47	1.9%	3	No
West Columbia	Brazoria	48039662600	24	1.9%	3	No
Pearsall	Frio	48163950100	36	1.8%	3	No
Forney	Kaufman	48257050202	51	1.8%	3	No
Hondo	Medina	48325990500	31	1.8%	3	No
Whitehouse	Smith	48423002200	32	1.8%	3	No
Keene	Johnson	48251130301	56	1.8%	3	No
Chandler	Henderson	48213950100	43	1.8%	3	No
Big Lake	Reagan	48383950100	20	1.8%	3	No
Santa Rosa	Cameron	48061010300	53	1.8%	3	No
San Antonio	Bexar	48029120200	49	1.8%	1	No
Brookshire	Waller	48473680200	44	1.8%	3	No
Karnes City	Karnes	48255970200	24	1.7%	3	No
Hallettsville	Lavaca	48285980200	24	1.7%	3	No
Bastrop	Bastrop	48021950400	48	1.7%	3	No
Granbury	Hood	48221160300	50	1.7%	3	No
Dripping Springs	Hays	48209010801	76	1.7%	3	No
Burkburnett	Wichita	48485013501	40	1.7%	3	No
Godley	Johnson	48251130100	20	1.7%	3	No
Somerset	Bexar	48029162002	40	1.7%	3	No
Rhome	Wise	48497150602	24	1.7%	3	No
League City	Galveston	48167720500	80	1.7%	2	No
Grapeland	Houston	48225950100	32	1.7%	3	No
El Paso	El Paso	48141000108	16	1.7%	1	No
Joaquin	Shelby	48419950100	32	1.6%	3	No
Quinlan	Hunt	48231961500	56	1.6%	3	No
Hooks	Bowie	48037011300	40	1.6%	3	No
Littlefield	Lamb	48279950600	24	1.6%	3	No

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Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Athens	Henderson	48213950300	44	1.6%	3	No
Teague	Freestone	48161980600	20	1.6%	3	No
El Paso	El Paso	48141000110	22	1.6%	1	No
Dimmitt	Castro	48069950200	24	1.6%	3	No
El Paso	El Paso	48141010314	60	1.6%	1	No
Tomball	Harris	48201555500	48	1.6%	3	No
Alton	Hidalgo	48215024105	30	1.6%	3	No
Valley View	Cooke	48097990900	24	1.5%	3	No
Royse City	Rockwall	48397040400	32	1.5%	3	No
Hughes Springs	Cass	48067950700	32	1.5%	3	No
Hemphill	Sabine	48403950300	32	1.5%	3	No
Rio Hondo	Cameron	48061010100	30	1.5%	3	No
Horizon City	El Paso	48141010320	72	1.5%	3	No
Lytle	Atascosa	48013960201	24	1.5%	3	No
Caldwell	Burleson	48051970200	24	1.5%	3	No
Mabank	Kaufman	48257051300	42	1.5%	3	No
Lexington	Lee	48287980100	24	1.5%	3	No
Giddings	Lee	48287980400	28	1.5%	3	No
Somerville	Burleson	48051970500	24	1.5%	3	No
Dalhart	Dallam	48205950200	24	1.5%	3	No
Shepherd	San Jacinto	48407200101	32	1.5%	3	No
Round Rock	Williamson	48491020503	24	1.5%	2	No
Athens	Henderson	48213951300	32	1.5%	3	No
Van	Van Zandt	48467950800	28	1.5%	3	No
Bridgeport	Wise	48497150500	24	1.5%	3	No
Leander	Williamson	48491020309	36	1.4%	2	No
Post	Garza	48169950100	24	1.4%	3	No
Sinton	San Patricio	48409011000	32	1.4%	3	No
Azle	Tarrant	48367140405	31	1.4%	2	No
Frankston	Anderson	48001950100	24	1.4%	3	No
Comanche	Comanche	48093950300	22	1.4%	3	No
Baird	Callahan	48059030200	24	1.4%	3	No
Devine	Medina	48325990800	32	1.4%	3	No
Mission	Hidalgo	48215020203	35	1.4%	1	No
Elgin	Bastrop	48021950200	27	1.3%	3	No
Martindale	Caldwell	48055960500	24	1.3%	3	No
Hamilton	Hamilton	48193950300	18	1.3%	3	No
Alvarado	Johnson	48251130410	24	1.3%	3	No
Shepherd	San Jacinto	48407200200	24	1.3%	3	No
Rockport	Aransas	48007950300	28	1.3%	3	No
Willis	Montgomery	48339694100	48	1.3%	3	No
Bay City	Matagorda	48321730200	40	1.3%	3	No
Palestine	Anderson	48001950900	42	1.3%	3	No
Gladewater	Gregg	48183010200	34	1.3%	3	No
Rockdale	Milam	48331950700	29	1.3%	3	No
El Campo	Wharton	48481740900	32	1.2%	3	No
Big Sandy	Upshur	48459950500	24	1.2%	3	No
Tatum	Rusk	48401950100	24	1.2%	3	No
Lake Dallas	Denton	48121021401	40	1.2%	3	No
San Antonio	Bexar	48029180300	18	1.2%	1	No

§49.6(h) QCTs 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
Andrews	Andrews	48003950200	24	1.2%	3	No
El Paso	El Paso	48141001107	30	1.1%	1	No
Dublin	Erath	48143950300	24	1.1%	3	No
Blanco	Blanco	48031950200	20	1.1%	3	No
Glen Rose	Somervell	48425990100	20	1.1%	3	No
Center	Shelby	48419950400	26	1.1%	3	No
Troup	Smith	48423002100	36	1.1%	3	No
Grandview	Johnson	48251130500	24	1.1%	3	No
Irving	Dallas	48113014408	17	1.1%	2	No
Slaton	Lubbock	48303010600	24	1.1%	3	No
Castroville	Medina	48325990100	39	1.1%	3	No
Frisco	Collin	48085030401	38	1.1%	2	No
Iowa Park	Wichita	48485013600	24	1.0%	3	No
De Kalb	Bowie	48037011600	24	1.0%	3	No
Cibolo	Guadalupe	48187210701	24	1.0%	3	No
El Paso	El Paso	48141003601	14	1.0%	1	No
Orange Grove	Jim Wells	48249950100	24	1.0%	3	No
West Columbia	Brazoria	48039662000	24	1.0%	3	No
Pilot Point	Denton	48121020101	40	1.0%	3	No
Aransas Pass	San Patricio	48007950500	24	1.0%	3	No
Amherst	Lamb	48279950300	9	1.0%	3	No
Lamesa	Dawson	48115950400	24	1.0%	3	No
Buffalo	Leon	48289950100	24	1.0%	3	No
Hallsville	Harrison	48203020601	32	0.9%	3	No
Pleasanton	Atascosa	48013960402	24	0.9%	3	No
Normangee	Leon	48289950200	20	0.9%	3	No
Abernathy	Hale	48303010200	24	0.9%	3	No
Weimar	Colorado	48089750300	16	0.9%	3	No
Caddo Mills	Hunt	48231961400	16	0.9%	3	No
Harlingen	Cameron	48061010700	10	0.9%	1	No
Lorena	McLennan	48309003801	16	0.8%	3	No
Alamo	Hidalgo	48215022002	26	0.8%	1	No
Justin	Denton	48121020301	24	0.8%	3	No
Yantis	Wood	48499950300	24	0.8%	3	No
Cisco	Eastland	48133950300	16	0.8%	3	No
Sulphur Springs	Hopkins	48223950400	24	0.8%	3	No
Ferris	Ellis	48139060101	16	0.8%	3	No
El Paso	El Paso	48141001105	19	0.8%	1	No
Eldorado	Schleicher	48141010313	32	0.8%	3	No
La Grange	Fayette	48149970300	16	0.7%	3	No
Reno (Lamar)	Lamar	48277000400	24	0.7%	3	No
Evant	Coryell	48099010100	17	0.7%	3	No
Cedar Park	Williamson	48491020307	24	0.7%	2	No
El Paso	El Paso	48141010209	36	0.7%	1	No
Corsicana	Navarro	48349970300	16	0.6%	3	No
La Joya	Hidalgo	48215024202	24	0.6%	3	No
Bullard	Smith	48423001904	24	0.6%	3	No
Austin	Travis	48453001503	10	0.6%	1	No
Waxahachie	Ellis	48139060600	14	0.5%	2	No
Mesquite	Dallas	48113017702	12	0.5%	2	No

§49.6(h) QCTs 2007 HTC Site Demographic Characteristics Report

Place	County	Tract	Total HTCs	HTC Units/Tract Households	Area Type	QCT
El Paso	El Paso	48141010313	19	0.4%	1	No
Schulenburg	Fayette	48149970600	8	0.4%	3	No
Laredo	Webb	48479001400	8	0.4%	1	No
Ganado	Jackson	48239950100	8	0.4%	3	No
Laredo	Webb	48479001001	3	0.2%	1	No
Amarillo	Potter	48375011900	3	0.2%	1	No
McAllen	Hidalgo	48215020901	2	0.1%	1	No
Mission	Hidalgo	48215020401	4	0.1%	1	No
Mission	Hidalgo	48215020300	4	0.1%	1	No
Port Lavaca	Calhoun	48057990400	2	0.1%	3	No
New Braunfels	Comal	48187210503	1	0.1%	2	No
New Braunfels	Comal	48091310900	1	0.0%	2	No
New Braunfels	Comal	48091310402	1	0.0%	2	No

Multifamily Finance Production Division

200~~6~~7 Draft Housing Tax Credit Program
Qualified Allocation Plan and Rules with Amendments

§~~50.~~49.1. 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 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, the Department is 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 §§~~50.~~49.1 - ~~50.~~49.23 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 Rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities. (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; 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 §~~50.~~49.8 and §~~50.~~49.9 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))

§~~50.~~49.2. Coordination with Rural Agencies.

To ensure maximum utilization and optimum geographic distribution of tax credits in rural areas, and to provide for sharing of information, efficient procedures, and fulfillment of Development compliance requirements in rural areas, the Department ~~has~~ will entered into a Memorandum of Understanding (MOU) or other agreement with the TX-USDA-RHS to coordinate on existing, Rehabilitation, and New Construction 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)

§~~50.~~49.3. 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 as is required under §~~50.~~49.5, §~~50.~~49.6, §~~50.~~49.8(d) and §~~50.~~49.9(g), (h), (i) and (j) of this title, unless determined by the Department as unable to be corrected.

(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 ownership interest unless the entity is an experienced developer as described in §~~50.~~49.9(i)(21~~0~~)(B) of this title.

(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 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 for any Development (New Construction, Reconstruction, and/or Rehabilitation), 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) 40 basis points over the current applicable percentage for Competitive Housing Tax Credit Developments for the month in which the Application is submitted to the Department, or

(ii) 15 basis points over the current applicable percentage for Tax Exempt Bond Developments for ~~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 §~~50.~~49.9(a) and §~~50.~~49.21 of this title. For Tax-Exempt Bond Developments this period is the date the Volume 1 and 2 are submitted or the date the reservation is issued by the Texas Bond Review Board, whichever is earlier~~that period of time prior to the deadline stated in §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~~--~~**

(A)The geographic area contained within the boundaries of:

(i) An incorporated place or

(ii) Census Designated Place (CDP) as ~~defined~~ established by the U.S. Census Bureau for the most recent Decennial Census.

(B) For Developments located outside the boundaries of an incorporated place or CDP, ~~place shall use the Area definition of the closest place.~~the Development shall take up the Area characteristics of the incorporated place or CDP whose boundary is nearest to the Development site.

(12) **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) **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 at least one of 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 ~~d~~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); or~~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 from all of the financial benefits available on the Development described in subparagraph (A) of this paragraph 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.

(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) **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. A den, study or other similar space that could reasonably function as a bedroom and meets this definition is considered a bedroom.

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

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

(17) **Carryover Allocation Document**--A document issued by the Department, and executed by the Development Owner, pursuant to §~~50.~~49.14 of this title.

(18) **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) **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) **Colonia**--A geographic Area located in a county some part of which is within 150 miles of the international border of this state and that:

(A) has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed Area under §17.921, Water Code; or

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

(21) **Commitment Notice**--A notice issued by the Department to a Development Owner pursuant to §~~50.~~49.13 of this title and also referred to as the "commitment."

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

(23) **Competitive Housing Tax Credits—**Tax credits available from the State Housing Credit Ceiling.

(24~~3~~) **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).

(25~~4~~) **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.

(26~~5~~) **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.

(27~~6~~) **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~~28) **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)

(29~~8~~) **Determination Notice**--A notice issued by the Department to the Development Owner of a 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))

(30~~29~~) **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 the limits identified in §49.9(d)(6)(B) of this title~~exceed 15% of the Eligible Basis~~) and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(31~~0~~) **Development**--A proposed qualified and/ or approved low-income housing project, as defined by the Code, §42(g), for New Construction, Reconstruction, or Rehabilitation, 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)

(32~~1~~) **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.

(33~~2~~) **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)

(34) **Development Site**—The area, or if scattered site areas, for which the Development is proposed to be located and is to be under control pursuant to §49.9(h)(7)(A) of this title.

(35~~3~~) **Development Team**--All Persons or Affiliates thereof that play a role in the D~~d~~evelopment, construction, Rehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(36~~4~~) **Economically Distressed Area**--Consistent with §17.921 of Texas Water Code, an Area 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.

(37~~5~~) **Eligible Basis**--With respect to a building within a Development, the building's Eligible Basis as defined in the Code, §42(d).

(38~~6~~) **Executive Award and Review Advisory Committee ("The Committee")**--A Departmental committee that will develop funding priorities and make funding and allocation 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)

(39) **Existing Residential Development**—Any Development Site which contains 4 or more existing residential Units at the time the Volume I is submitted to the Department.

(~~34~~40~~7~~) **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.

(41~~38~~) **General Contractor**--One who contracts for the construction or Rehabilitation 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."

(42~~39~~) **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.

(43~~0~~) **Governmental Entity**--Includes federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities.

(44~~1~~) **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.

(45~~2~~) **Guarantor**--Means any Person that provides, or is anticipated to provide, a guaranty for the equity or debt financing for the Development.

(46~~3~~) **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.

(47~~4~~) **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.

(48~~5~~) **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.

(49~~6~~) **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.

(50~~47~~) **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)

(51~~48~~) **HUD**--The United States Department of Housing and Urban Development, or its successor.

(52~~49~~) **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 ~~d~~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 any New Construction (excluding New Construction of non-residential buildings), other than a Development (New Construction, Reconstruction, or Rehabilitation) composed entirely of single-family dwellings, having more than 5% of the Units in the Development with four or more bedrooms. An Application may reflect a total of Units in the Development with four or more bedrooms greater than 5% to the extent that the increase is only to reach the next highest number divisible by four.

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

(F~~G~~) Any Development located in an Urban/Exurban Area involving any New Construction (excluding New Construction of non-residential buildings) of additional Units (other than a Qualified Elderly Development, a Development composed entirely of single family dwellings, and 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)) 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. For Intergenerational Housing Applications, the percentages in this subparagraph do not apply to the buildings that are restricted to the age requirements of a Qualified Elderly Development. An Application may reflect a total of Units for a given B~~b~~edroom 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% of the total Units are one ~~b~~Bedroom Units; or

(ii) more than 55% of the total Units are two B~~b~~edroom Units; or

(iii) more than 40% of the total Units are three ~~b~~Bedroom Units~~.~~ ; or

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

(53~~0~~) **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.

(54~~1~~) **IRS**--The Internal Revenue Service, or its successor.

(55~~2~~) **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)

(56~~3~~) **Local Political Subdivision**--A county or municipality (city) in Texas. For purposes of §~~50.~~49.9(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.

(57~~4~~) **Material Noncompliance**--As defined in §60.1 of this title.

(58~~5~~) **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)

(59~~6~~) **New Construction--**Any Development or portion of the Development that does not meet~~ing~~ the definition of Rehabilitation or Reconstruction.

(60~~57~~) **ORCA**--Office of Rural Community Affairs, as established by Chapter 487 of Texas Government Code. (2306.6702)

(61~~58~~) **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.

(62~~59~~) **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.

(63~~0~~) **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 and migrant farm workers.

(6~~4~~1) **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 ~~§50.8 and §50.21 of~~ this title. (2306.6704)

(6~~5~~2) **Pre-Application Acceptance Period**--That period of time during which Competitive Housing Tax Credit Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department.

(6~~6~~3) **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, Special Limited Partners and Principals with 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.

(6~~7~~4) **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.

(6~~8~~5) **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 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 that provides the threshold, scoring, and underwriting criteria based on housing priorities of the Department that are appropriate to local conditions; provides a procedure for the Department, the Department's agent, or another private contractor of the 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 Developments that, as compared to the other Developments:

(i) when practicable and feasible based on documented, committed, and available third-party funding sources, serve the 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 housing tax credit program.

(6~~9~~6) **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).

(70~~67~~) **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~~71) **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)).

(72~~69~~) **Qualified Market Analyst**--A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, 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.

(73~~0~~) **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 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)

(74~~1~~) **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)

(75) **Reconstruction**-- The demolition of an Existing Residential Development and the re-construction of the Units on the Development Site. Developments proposing adaptive re-use or proposing to increase the number of Units in the Existing Residential Development are not considered Reconstruction.

(76~~2~~) **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.

(77~~3~~) **Rehabilitation--**The improvement or modification of an E~~e~~xisting Residential Development~~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~~ within the ~~and adding rooms outside the~~ existing walls of a structure to increase or decrease the number of Units or Bedrooms, but does not include demolition or adaptive reuse. ~~adding a housing unit is considered New Construction.~~

(78~~4~~) **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.

(79~~5~~) **Rules**--The Department's Housing Tax Credit Program Qualified Allocation Plan and Rules as presented in this title.

(80~~76~~) **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 ~~a~~Area that is eligible for New Construction funding by TX-USDA-RHS; or

(D) on a specific Development Site eligible for Rehabilitation funding by TX-USDA-RHS as evidenced by 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. (2306.6702)

(81~~77~~) **Rural Development**--A Development located within a Rural Area. A Rural Development may not exceed 76 Units if involving any New Construction (excluding New Construction of non-residential buildings) .

(82~~78~~) **Selection Criteria**--Criteria used to determine housing priorities of the State under the Housing Tax Credit Program as specifically defined in §~~50.~~49.9(i) of this title.

(83~~79~~) **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 by the Qualified Allocation Plan on a priority basis. (2306.6702)

(84~~0~~) **State Housing Credit Ceiling**--The limitation 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).

(85~~1~~) **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.

(86~~2~~) **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.

(87~~3~~) **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.

(88~~4~~) **Threshold Criteria**--Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §~~50.~~49.9(h) of this title. (2306.6702)

(89~~5~~) **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.

(90~~86~~) **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.

(91~~87~~) **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 (such as a microwave), 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 ~~u~~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 U~~u~~nit.

(92~~88~~) **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~~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.), the date Volume III is submitted to the Department.

§~~50.~~49.4. 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 Bond Developments are not included in the State Housing Credit Ceiling.

§~~50.~~49.5. 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 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. 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 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

(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 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 in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely 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 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; 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,~~ April 2, ~~2006~~2007 (or for 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 from the date the Volume 1 is submitted to the Department; or

(8) The Applicant proposes to construct a new Development proposing Reconstruction, New Construction and/or Rehabilitation 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 (Intergenerational Housing is not a type of household as it relates to this restriction);

(B) has received an allocation of Housing Tax Credits (including Tax-Exempt Bond Developments) for any New Construction at any time during the three-year period preceding the date the application round begins (or for 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,~~ April 2, ~~2006~~2007 (or for 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.

(E) In determining the age of an existing D~~d~~evelopment as it relates to the application of the three-year period, the D~~d~~evelopment 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 §~~50.~~49.9(j).

(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. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the Termination letter to the Applicant.~~.~~

(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 debar a Person for one year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer, if the Department determines the facts warrant it~~.~~. Causes for disqualification and debarment include: (2306.6721)

(1) The provision of fraudulent information, knowingly falsified 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 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 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~~2007 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 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 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~~2007 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 §~~50.~~49.20 of this title; or

(6) the Applicant or a Related Party and any Person who 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 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 §~~50.~~49.9(b) of this title; violation of the communication restrictions of §~~50.~~49.9(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 §~~50.~~49.17(d)(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).~~The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose previous funding contracts or commitments have been partially or fully deobligated due to a failure to meet contractual obligations during the 12 months prior to the submission of the applications.

(10) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose pre-development loan has not been repaid for the Development at the time of commitment or Bond closing.

(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 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 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.

(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 offense if the Person violates section 2306.6733. An offense under this section is a Class A misdemeanor.

(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 §~~50.~~49.9(d)(4) of this title. They may also utilize the appeals process described in §~~50.~~49.17(b) of this title. (2306.6721(d))

§~~50.~~49.6. 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 New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the 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 Rehabilitation, with the exception of D~~d~~evelopments 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 New Construction.

(b) **Ineligible Building Types**. Applications involving Ineligible Building Types as defined in §~~50.~~49.3(52~~49~~) of this title will not be considered for allocation of tax credits.

(c) **Scattered Site Limitations.** Consistent with §~~50.~~49.3(31~~0~~) 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 ~~2006~~2007 calendar year, including commitments from the ~~2006~~2007 Credit Ceiling and forward commitments from the ~~2007~~2008 Credit Ceiling, are applied to the credit cap limitation for the ~~2006~~2007 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. The Department will prorate the credits based on the percentage ownership, if there is an ownership interest, or the proportional percentage of the developer fee received, if this applies to a Developer without an ownership interest. 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 Bond Development Applications are not subject to these Housing Tax Credit limitations, and 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. 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 any New Construction (excluding New Construction of non-residential buildings) –will be limited to 76 Units. Rural Developments involving only Rehabilitation do not have a size limitation.

(3) Developments involving any New Construction (excluding New Construction of non-residential buildings) , that are not 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 Bond Developments will be limited to 252 Total Units. These maximum Unit limitations also apply to those Developments which involve a combination of Rehabilitation, Reconstruction, and New Construction. Developments that consist solely of acquisition/Rehabilitation or Rehabilitation only may exceed the maximum Unit restrictions.

(4) For those Developments which are a second phase or are otherwise adjacent to an existing tax credit Development unless such proposed Development is Reconstruction of an Existing Residential Development ~~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 from the Credit Ceiling 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 ~~2006~~2007 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 Bond program, including the Tax-Exempt Bond Developments under review and existing Tax-Exempt Bond Developments in the Department's portfolio. (2306.67021); or,

(g) **Limitations of Development in Certain Census Tracts.** Staff will not recommend and the Board will not allocate housing tax credits for a Competitive Housing Tax Credit or Tax Exempt Bond Development located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as established by the U.S. Census Bureau for the most recent Decennial Census unless the Applicant:

(A) Proposes only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings); or,

(B) Submits to the Department an approval of the Development referencing this rule in the form of a resolution from the governing body of the appropriate municipality or county containing the Development. For purposes of this paragraph, evidence of the local government approval must be received by the Department no later than April 2, 2007 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be committed). These ineligible census tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(h) **Limitations on Developments Proposing to Qualify for a 30% increase in Eligible Basis.** Staff will only recommend a 30% increase in Eligible Basis:

(1) If the Development proposing to build in a Hurricane Rita Gulf Opportunity Zone (Rita GO Zone), which was designated as a Difficult to Develop Area as determined by HB4440, is able to be placed in service by December 31, 2008 (or date as revised by the Internal Revenue Service) as certified in the Application; or,

(2) The Development is located in a Qualified Census Tract that has less than 40% Housing Tax Credit Units per households in the tract as established by the U.S. Census Bureau for the most recent Decennial Census. Developments located in a Qualified Census Tract that has in excess of 40% Housing Tax Credit Units per households in the tract are not eligible to qualify for a 30% increase in Eligible Basis, which would otherwise be available for the Development site pursuant to the Code, §42(d)(5)(C), unless the Development is proposing only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings) . These ineligible Qualified Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(i~~g~~) **Rehabilitation Costs.** ~~Rehabilitation~~ Developments involving Rehabilitation must establish that the Rehabilitation will substantially improve the condition of the housing and will involve at least $12,000 per Unit in direct hard costs (including site work, contingency, contractor profit, overhead and general requirements) unless financed with TX-USDA-RHS in which case the minimum is $6,000.

(j~~h~~) **Unacceptable Sites**. Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department.

(j~~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.~~49.9(d)(4) of this title. They may also utilize the appeals process described in §~~50.~~49.17(b) of this title.

§~~50.~~49.7. Regional Allocation Formula; Set-Asides; Redistribution of Credits.

(a) **Regional Allocation Formula.** 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. At least 5% of each region's allocation for each calendar year shall be allocated to Developments which are financed through TX-USDA-RHS, that meet the definition of a Rural Development, do not exceed 76 Units if proposing any New Construction (excluding New Construction of non-residential buildings), and have filed an "Intent to Request ~~2006~~2007 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 ~~2006~~2007 Housing Tax Credits issued by the Board in ~~2005~~2006 will be applied to each Set-Aside, Rural Regional Allocation, Urban/Exurban Regional Allocation and TX-USDA-RHS Allocation for the ~~2006~~2007 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 Developments designated as At-Risk Developments as defined in §~~50.~~49.3(13) 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 §~~50.~~49.3(13)(A) of this title, or provide evidence that it will renew, retain or preserve the financial benefit described in §~~50.~~49.3(13)(A) of this title; and must have filed an "Intent to Request ~~2006~~2007 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 §~~50.~~49.9(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.

§~~50.~~49.8. Pre-Applications for Competitive Housing Tax Credits: 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 §~~50.~~49.20 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 §~~50.~~49.9(b) of this title. (2306.1113)

(c) **Pre-Application Evaluation Process.** Eligible Pre-Applications will be evaluated for Pre-Application Threshold Criteria. ~~A TX-USDA-RHS 515 Development (only for Rehabilitation) will receive the Pre-Application points further outlined in §50.9(i) 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 §~~50.~~49.9(i) 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 §~~50.~~49.9(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 Self-Score" . The applicant may not change the Self-Score unless requested by the Department in a Deficiency Notice; and

(2) Evidence of property control through March 1, ~~2006~~2007 as evidenced by the documentation required under §~~50.~~49.9(h)(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~~ Requests for Neighborhood Organizations under subparagraph (~~B~~A)~~(i)~~ of this paragraph must be made by the deadlines described in that clause; notifications under subparagraphs (C~~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~~B) of this paragraph to all of the individuals and entities identified in subparagraph (C~~B~~) of this paragraph. ~~Evidence of such notifications shall include 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.~~ (2306.6704)

(A) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(i) No later than December 08, 2006, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(ii) If no reply letter is received from the local elected officials by January 1, 2007, then the Applicant must certify to that fact in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

~~(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 New Construction or Rehabilitation;~~

~~(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);~~

~~(vi) The approximate total number of Units and approximate total number of 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 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) Not later than the date the Pre-Application is submitted, ~~N~~notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Pre-Application Notification Template" provided in the Pre-Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application, although it is encouraged that Applicants retain proof of notifications in the event that the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(i) Neighborhood Organizations on record with the city, state or county whose boundaries include the proposed Development Site as identified in subsection (A)(iii) of this subparagraph. ~~Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. 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" as outlined in the Application was sent no later than December 20, 2005 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 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 must be made to the mayor or county judge for the jurisdiction. 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. 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. 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. If the Applicant can certify that there are no neighborhood organizations on any list from the local elected officials which are required to be notified pursuant to this subsection, then such certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by January 1, 2006, (or For 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. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format. 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.

(C) 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 New Construction, Reconstruction, or Rehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

(vi) The approximate total number of Units and approximate total number of 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 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.

(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 §~~50.~~49.9(i)(1~~2~~3) 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.

§~~50.~~49.9. Application: Submission; Communication with Department Employees; Adherence to Obligations; 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~~2008 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker 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 §~~50.~~49.20 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 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 §~~50.~~49.3(1) of this title or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~50.~~49.17(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 ~~50.~~49.5(b)(6) 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 (emails may be sent and received after 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 (unless granted an extension by the Department), or does not provide the necessary evidence for any 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 ~~a~~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.

(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 §~~50.~~49.5; Applicants will be promptly notified in these instances.

(1) ~~Eligibility~~ Set-Aside and Selection Criteria Review. All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility ~~under §50.5 of t~~for ~~his chapter and~~ Set-Asides ~~eligibility will be confirmed~~. Then, each Application will be preliminarily scored according to the Selection Criteria listed in subsection (i) 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 Eligibility and Threshold Criteria during the Application Round. The designation of priority is not a stage of the application pursuant to §49.11(a)(7) of this title, and the designations will not be posted to the Department's website until final scoring notices are issued.

(3) Eligibility and Threshold Criteria Review. Applications that are designated as "priority" from the Priority Review Assessment will be evaluated ~~in detail~~ for eligibility under §§~~50.~~49.5(a)(7) through (9), 49.5(c), (e), and (f), and 49.6 of this chapter. The remaining portions of the Eligibility Review under §49.5 of this chapter will be performed in the Compliance Evaluation and Eligibility Review as described under (7) of this subparagraph. Priority Applications will also be evaluated ~~and~~ against the Threshold Criteria under §§49.9(h)(1) through (4), (7)(A) and (B), (8), (9), (11), and (15) of this chapter, at minimum. The remaining portions of the Threshold Criteria review may be performed in the Underwriting Evaluation and Criteria review for financial

feasibility by the Department's Real Estate Analysis Division as described under (6) of this subparagraph. Applications 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. 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 Administrative ~~d~~Deficiencies pursuant to §49.3(1) of this title 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, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an email, or if an e-mail address is not provided in the Application, by 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 three~~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 five~~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. If the applicant fully responds to the Administrative Deficiency Notice within the first business day following the deficiency notice date, the Department will review the documentation submitted and contact the Applicant by the end of the second business day following the deficiency notice date with guidance on items not clarified or corrected to the satisfaction of the Department. If Administrative Deficiencies are submitted to the Department within the first business day following the deficiency notice date, and the Department fails to respond to the Applicant on the second day, the Applicant will be granted one business day after the Department's response to submit the remaining documentation to the Department without a point penalty. 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 as follows:~~.~~

(A) 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.~~49.7(b) are attained.

(B) Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments in each of the 26 sub-regions, regardless of Set-Aside, in accordance with the requirements under §~~50.~~49.7(a) of this title, without exceeding the credit amounts available for a Rural Regional Allocation and Urban/Exurban Regional Allocation in each region.

(C) Funds for the Rural Regional Allocation or Urban/Exurban Regional Allocation for which there are more requests for credits than remaining credits available will be combined in each Uniform State Service Regions. If the next eligible application in the Rural Allocation or Urban/Exurban for a given Uniform State Service Region is less than the remaining credits in a region, then that application is selected; however, if both Rural and Urban/Exurban areas in the region have Applications that are requesting less than the remaining credits in that Uniform State Service Region, then Application in the sub-region whose shortfall of credits being recommended would have been the most significant portion of their targeted sub-regional allocation will be selected. All credits still remaining will be combined with the remaining credits from all other regions and will be allocated to an Application in the sub-region whose shortfall of credits being recommended would have been the most significant portion of their targeted sub-regional allocation. However, once a region's awarded credits exceeds the total allocation for that region no other applications will be selected.

(D) 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 §~~50.~~49.7(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 §~~50.~~49.6(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. To the extent that the review of Administrative Deficiency documentation during this review alters the score assigned to the Application, Applicants will be re-notified of their final score. Receipt of feasibility points under §~~50.~~49.9(i)(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 §~~50.~~49.9(i)(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. The Developer's fee limits will be calculated as follows:

(i) For New Construction Developments the developer fee cannot exceed 15% of the project's Total Eligible Basis, less developer fees or 20% of the project's Total Eligible Basis, less developer fees if the Development proposes 49 total Units or less.

(ii) For acquisition/Rehabilitation Developments that are eligible for acquisition credits, the acquisition portion of the developer fee cannot exceed 15% of the existing structures acquisition basis, less developer fee, and will be limited to Tax-Exempt Bond Developments. The Rehabilitation portion of the developer fee cannot exceed 15% of the total Rehabilitation basis, less developer fee, and will be limited to the Competitive Housing Tax Credit Developments.

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 and Eligibility Review. 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, and will be evaluated in detail for eligibility under §§49.5(a)(1) through (5) , 49.5(b), and 49.5(d) of this chapter.

(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.~~49.5; 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.~~49.5 and §~~50.~~49.6 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~~. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, 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. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies within 5 business days from the deficiency notice date will result in a penalty fee of $500 for each business day the deficiency remains unresolved. Applications with unresolved deficiencies after the 10th day from the issuance of the deficiency notice will be terminated. The Applicant will be responsible for the payment of fees accrued pursuant to this section regardless of any termination pursuant to this section. 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. The Application will not be presented to the Board for consideration until all outstanding fees have been paid.

(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, or 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. The Department or external party 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~~2008 Credit Ceiling. Applications submitted for consideration as Rural Rescue Applications pursuant to §~~50.~~49.10(c) of this title under the ~~2007~~2008 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.~~49.5 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.~~49.5 and §~~50.~~49.6 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~~Rural Rescue Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division, or 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. The Department or external party 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~~Rural Rescue 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) **Experience Pre-Certification 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. For Applications submitted for 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. Upon receipt of the evidence required under this section, 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) The term "successfully" is defined as acting in a capacity as the owner, General Partner, or Developer of:

(A) at least 100 residential units or, if less than 100 residential units, 80 percent of the total number of Units the ~~a~~Applicant is applying to build (e.g. you must have 40 units successfully built to apply for 50 Units); or

(B) at least 36 residential units if the Development ~~applying for credits~~ is a Rural Development; or

(C) at least 25 residential units if the Development ~~applying for credits~~ has 36 or fewer total Units.

(2) One or more 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) that the Development has been completed (i.e. Development Agreements, Partnership Agreements, etc. must be accompanied by certificates of completion);

(B) 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) the number of units completed or substantially completed.

(h) **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. 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 this requirement. 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 Rehabilitation or proposing Single Room Occupancy will receive 1.5 points for every point ~~double points~~ for each item. Applications for non-contiguous scattered site housing, including New Construction, Reconstruction, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant~~individual site~~. Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §~~50.~~49.17(d) 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 Single Room Occupancy~~Rehabilitation~~ and 1 point is required to meet threshold for all other Developments~~for New Construction~~;

(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 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 §~~50.~~49.9(h)(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 (2 points);

(II) Controlled gate access (1 point);

(III) Gazebo w/sitting area (1 point);

(IV) Accessible walking/ jogging path separate from a sidewalk (1 point);

~~(V) Community gardens (1 point);~~

(V~~I~~) Community laundry room with at least one front loading washer (1 point);

(V~~II~~) ~~Public telephone(s)~~Emergency 911 telephones accessible and available to tenants 24 hours a day (2 points);

(VI~~I~~I) Barbecue grill~~s~~ and picnic table~~s~~--at least one of each for every 50 Units (1 point);
(VIII~~X~~) Covered pavilion that includes barbecue grills and tables (2 points);
(IX) Swimming pool (3 points);
(X~~I~~) Furnished fitness center (2 points);
(XI~~I~~) Equipped and functioning ~~B~~business ~~C~~center ~~(computer and fax machine)~~ or e~~E~~quipped ~~C~~computer ~~L~~learning c~~C~~enter with 1 computer and 1 fax machine for every 25 Units proposed in the Application, and 1 printer for every 2 computers (2 points);
(XI~~I~~) Furnished Community room (1 point);
(XIIIi~~V~~) Library with an accessible sitting area (separate from the community room) (1 point);
(XIV) Enclosed sun porch or covered community porch/patio (2 points);
(XV~~I~~) Service coordinator office in addition to leasing offices (1 point);
(XVI~~I~~) Senior Activity Room (Arts and Crafts, etc.)--Only Qualified Elderly Developments Eligible (2 points);
(XVII~~I~~) Health Screening Room (1 point);
(XIII~~X~~) Secured Entry (elevator buildings only)--(1 point);
(XIX) Horseshoe pit, ~~Lawn Bowling Courts, Croquet Courts, Bocce Ball Courts, P~~putting ~~G~~green or ~~S~~shuffleboard ~~C~~court--Only Qualified Elderly Developments Eligible (1 point);
(XX~~I~~) Community Dining Room w/full or warming kitchen--Only Qualified Elderly Developments Eligible (3 points);
(XXI) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot, --Only Family Developments Eligible--Only Family Developments Eligible (1 Point)
(XXII) Two Children's ~~Playgrounds~~ Playscapes 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 this requirement. 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 b~~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(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 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.~~ (2306.6722 and 2306.6730)

(G) ~~Additionally, in~~ Developments involving New Construction (excluding New Construction of non-residential buildings) 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)~~

(H~~G~~) A certification that the Development will be equipped with energy saving devices that meet 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. 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))

(I~~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 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.

(J~~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.

(K~~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.~~49.9(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.~~49.9(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~~2007.

(L~~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).

(M) A certification that the Development Owner will contract with a Management Company through out the Compliance Period that will perform criminal background checks on all adult tenants, head and co head of households.

(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 New Construction, 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 Rehabilitation for which the Unit configurations are not being altered, only the items identified in clauses (i) and (iii) 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; 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 ~~d~~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), if permitted under 49.6(h) of this title, 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) 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 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).~~.~~ One of the following items described in clauses (i) - (iii) of this subparagraph must be provided:

(i) a recorded warranty deed with corresponding executed settlement statement; or

(ii) a contract for 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. For Tax Exempt Bond Developments site control must be valid for 150 days after the Application Acceptance Period or through the full reservation and allocation period whichever is longer. If the acquisition can be characterized as an identity of interest transaction as described in §1.32(e)(1)(B), ~~the following~~ (I) and (II) of this clause must be provided (not required at Pre-Application):

(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) of this title, Property control must be continuous. Closing on the Property 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(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 Rehabilitation 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. Any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA. 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) deed(s) of trust in the name of the Development Owner expressly allowing transfer to the Development Owner; and

(III) for TX-USDA-RHS 515 Developments involving Rehabilitation, 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 as evidenced by ~~. At a minimum~~:

(I)~~,~~ evidence from the lending agency that an application for funding has been made or from the Applicant indicating an intent to apply for funding; and

(II) 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; and~~.~~

(III) 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 ~~a~~Application has been filed as required by the Application Submission Procedures Manual; and ~~.~~

(IV) If the commitment from any ~~the other~~ funding source identified in this subparagraph 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 may~~will~~ be rescinded; or

(iv) if the Development will be financed through more than 5% of 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:

(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) a current title commitment with the proposed insured matching exactly the name of the Development Owner and the title of the Property/Development vested in the exact name of the seller or lessor as indicated on the sales contract or lease.

(III) if the title policy or 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" certification ~~statement~~ provided in the Application.

(A) Evidence ~~of notification~~ in the form of a certification that the Applicant met ~~meeting~~ the requirements and deadlines identified in clause (i) through ~~of this subparagraph to all of the individuals and entities identified in clause~~ (iii) of this subparagraph. ~~Evidence of such notifications 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~~ Notification must not be older than three months from the first day of the Application Acceptance Period. (2306.6705(9)) 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~~total increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, Intergenerational Housing or family). For Applications submitted for Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notifications and proof thereof must not be older than three months prior to the date the Volume III of the Application is submitted.

(i) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials as follows:

(I) No later than January 15, 2007 (or for Tax-Exempt Bond Applications, Rural Rescue, or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., not later than 21 days prior to submission of the Threshold documentation), the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(II) If no reply letter is received from the local elected officials by February 25, 2007, (or For 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 certify to that fact in the "Application Notification Certification Form" provided in the Application.

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the submission of the Application, in the "Application Notification Certification Form" provided in the Application.

~~(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 New Construction or Rehabilitation;~~

~~(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing or elderly);~~

~~(VI) The approximate total number of Units and approximate total number of 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 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 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) Not later than the date the Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism e-mail, fax or mail with registered receipt in the format required in the "Application Notification Template" provided in the Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Application Notification Certification Form" provided in the Application, although it is encouraged that Applicants retain proof of notifications in the event that the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Application is submitted.

~~(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 whose boundaries include the proposed Development Site as identified in (i)(III) of this subparagragh. ~~Applicants must provide evidence that neighborhood organizations were notified pursuant to this subsection. 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" as outlined in the Application was sent no later than January 15, 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 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 must be made to the mayor or county judge for the jurisdiction. 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. 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. 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. If the Applicant can certify that there are no neighborhood organizations on a list from the local elected officials which are required to be notified pursuant to this subsection, then such certification in lieu of notification may be acceptable. If no reply letter is received from the local elected officials by February 25, 2006, (or For 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. In the event that local elected officials refer the Applicant to another source, the Applicant must also request neighborhood organizations from that source in the same format. 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.

(iii) 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 New Construction, Reconstruction, or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing or elderly);

(VI) The approximate total number of Units and approximate total number of 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 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 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) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development ~~s~~Site prior to the date the Application is submitted. Scattered site Developments must install a sign on each Development Site. For Tax-Exempt Bond Developments~~ the sign must be installed no later than 30 days after the Department's receipt of Volumes I and II~~,~~.~~ regardless of the Priority of the application or the Issuer, the sign must be installed within thirty (30) days of the Department's receipt of Volumes I and II or thirty (30) days prior to the Bond public hearing date, whichever is earlier. 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 Development. The information and lettering on the sign must meet the requirements identified in the Application. For Tax-Exempt Bond Developments~~ for which the Department is not the issuer of the bonds~~, regardless of the issuer, the Applicant must certify to the fact 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. For Tax-Exempt Bond Development, regardless of the issuer, the notification must also include the date, time and location of the bond public hearing date and must be mailed within thirty (30) days of the Department's receipt of the Volume I and II or thirty (30) days prior to the bond public hearing date, whichever is earlier. If the option in clause (i) of this subparagraph is used, then evidence must be provided affirming the local zoning notification requirements.

(i) 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) 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) - (D~~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. Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must be included in this exhibit.

(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 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 the organizational chart described in subparagraph (A) of this paragraph that has 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~~2007 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.

~~(D) Evidence in the form of a certification from the Applicant, that each entity shown on the organizational chart described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, and has, or has 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 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.~~

(~~E~~D) 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)(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 or proof of Application 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 Rehabilitation 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) For Intergenerational Applications or Qualified Elderly Developments, identification of the number of existing tenants qualified under the target population elected under this title;

(iv~~ii~~) a relocation plan outlining relocation requirements and a budget with an identified funding source; and (2306.6705(a)(6))

(~~i~~v) 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 or ; and

(ii) the “Nonprofit Participation Exhibit.”

(B) Additionally, all Applications applying under the Nonprofit Set-Aside, established under §~~50.~~49.7(b)(1) of this title, must also provide the following information with respect to the Qualified Nonprofit Organization as described in clauses (i) - (~~v~~iii) 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 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;~~

(i~~ii~~) 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),

(III) that one of the exempt purposes of the nonprofit organization is to provide low-income housing, and

(IV) 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, and

(V) 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; and

(ii~~v~~) 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.~~

(~~v~~iii) 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 ~~r~~Rural ~~a~~Area; or

(II) not more than 90 miles from the Development, if the Development is not located in a ~~r~~Rural ~~a~~Area.

(12) Applicants applying for acquisition credits must provide must provide

(A) an appraisal meeting the requirements of subparagraph (14)(D) of this subsection, ~~and~~

(B) an “Acquisition of Existing Buildings Form~~.~~”, and

(C) a Third Party legal opinion stating that the proposed acquisition meets the requirements of the Code, §42(d)(2)(B).

(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~~first day of the Application Acceptance Period.

(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~~from the first day of the Application Acceptance Period. 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.

(14) Supplemental Threshold Reports. All Applications must include documents under subparagraph (A) and (B) of this paragraph. 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:

(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 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) 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 by a Third Party 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;

(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) prepared in accordance with the methodology prescribed in the Department's Market Analysis Rules and Guidelines, §1.33 of this title.

(iv) For Applications in the TX-USDA-RHS Set-Aside proposing acquisition and Rehabilitation with residential structures at or above 80% occupancy at the time of Application Submission, the appraisal, required under paragraph (7) or (12) of this subsection and prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title, will satisfy the requirement for a Market Analysis; however the Department may request additional information as needed. (2306.67055) (§42(m)(1)(A)(iii))

(C) A Property Condition Assessment (PCA) report:

(i) prepared by a qualified Third Party;

(ii) dated not more than 3~~6~~ months prior to the first day of the Application Acceptance Period. In the event that the PCA report is more than 3 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated PCA report from the Person or organization which prepared the initial report; however the Department will not accept any PCA report which is more than 6 months old as of 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. In the event that an appraisal 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 appraisal from the Person or organization which prepared the initial report; however the Department will not accept any appraisal which is more than 12 months old as of 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. The transmittal letter must also state the report preparer has read and understood the Department rules specific to the report found at §§1.33 – 1.36.

(F) 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) 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; 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,~~ April 2, ~~2006~~2007. 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,~~ April 2, ~~2006~~2007. 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) **Selection Criteria.** All Applications will be scored and ranked using the point system identified in this subsection. Unless otherwise stated, ~~When applicable~~, use normal rounding. Points other than (2) and (6) of this subsection will not be awarded unless requested in the Self Scoring Form. All Applications, with the exception of TX-USDA-RHS Applications, must receive a final score totaling a minimum of 105, not including any points awarded or deducted pursuant to (2) and (6) of this subsection ~~125 points~~ to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: 215~~09~~.

(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. No partial points will be awarded. Evidence will include the documentation required for this exhibit, as reflected in the Application submitted, in addition to the commitment letter required under subsection (h)(7)(C) of this section. The supporting financial data shall include:

(A) a thirty year pro forma prepared by the permanent or construction lender:

(i) specifically identifying each of the first five~~ten~~ years and every fifth year thereafter;~~.~~

(ii) specifically identifying underlying assumptions including, but not limited to general growth factor applied to income and expense; and

(iii) indicating ~~The pro forma must indicate~~ that the D~~d~~evelopment ~~pro forma~~ maintains a minimum 1.15~~0~~ debt coverage ratio throughout the initial thirty years proposed for all third party lenders that require scheduled repayment~~.~~; and

(B) ~~In addition,~~a statement in the commitment letter ~~must state~~indicating that the lender's assessment finds that the Development will be feasible for thirty years.

(C) ~~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)(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 or postmarked (or similar tracking system) by the Department no later than March~~April~~ 1, ~~2006~~2007, for letters relating to Applications that submitted a Pre-Application, or April 2, 2007 if a Pre-Application was not submitted. Letters should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Executive Director (Neighborhood Input)." Letters received after ~~April 1, 2006~~the applicable deadline 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 to provide input on additional Developments, each Development must be addressed in a separate letter;

(ii) certify that the letter is ~~be~~ signed by the person with the authority to sign on behalf of the neighborhood organization~~the chairman of the board, chief executive officer, or comparable head of the organization~~, and provide the street and/or mailing addresses, day and evening phone numbers, and e-mail addresses and/or facsimile numbers for the signer of the letter and for one additional contact for the organization;

(iii) ~~establish~~ certify that the organization has boundaries, ~~state what the boundaries are, and establish~~ and that the boundaries in effect December 1, 2006 contain the proposed D~~d~~evelopment 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~~ certify 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 resident councils ~~(only for Rehabilitation or demolition with New Construction applications~~ in which the council is commenting on the ~~r~~Rehabilitation or Reconstruction ~~demolition/ New Construction~~ of the ~~property~~ Development 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~~.~~", unless the large organization is a parent organization of smaller organizations whose purpose, and composition would otherwise meet the requirements of this definition. —Organizations whose boundaries include an entire city are generally not "neighborhood organizations~~.~~", unless the city organization is a parent organization of smaller organizations whose purpose, and composition would otherwise meet the requirements of this definition.

(v) include documentation showing that the organization is on record as of ~~March 1~~December 1, 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 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, unless corrected in a deficiency response. 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~~. There are two ~~As an~~ options to be considered on record with the Department (and thereby the state)~~,~~:

(I) The neighborhood organization may submit a letter from the city showing that the organization was on record with a city as of December 1, 2006 may be submitted ~~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, 2006~~with the QCP Package to place the organization on record with the state effective December 1, 2006. ~~The letter should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Executive Director (Recording of Neighborhood Organization)".~~ ; or

(II) The neighborhood organization may submit a letter including a contact name with a mailing address and phone number; and a written description and map of the organization's geographical boundaries, as well as proof that the boundaries described were in effect as of December 1, 2006. Under this option, a certification will not suffice. This request must be received no later than February 15, 2007. Acceptance of this documentation by the Department will be effective December 1, 2006 and 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~~ certify that the neighborhood organization was not formed by any Applicant, Developer, or any employee or agent of any Applicant (the seller of land is not considered to be an agent of the Application)in the ~~2006~~2007 ~~t~~Tax ~~c~~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. 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.~~While not required, ~~T~~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~~viii) ~~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.~~ The organization must accurately certify that the boundaries in effect December 1, 2006 are those identified in the letter and that ~~A~~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.

(ix) 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). 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 a~~strongest~~ position ~~of~~ support to +12 for the neutral position to 0 for a~~the strongest~~ position of opposition. The number of points to be allocated to each organization's letter will be based on 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 D~~d~~evelopment in determining a score.

(ii) The Department highly values quality public input addressed to the merits of a Development. Input that points out 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~~at least one reason 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;~~

(II~~V~~) that do not establish a reason for support or opposition or that are unclear will be considered ineligible and scored as neutral (+12 points).

(iv) Applications for which there are multiple eligible letters received, an average score will be applied to the Application.

(~~i~~v) 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 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 applicable deadlines~~April 1, 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 household ~~tenant~~ incomes must not be higher than permitted by the AMGI level~~.~~ Households receiving any Section 8 voucher rental subsidies, Tenant Based Rental Assistance (TBRA), or similar rental assistance may not occupy the Units designated for points under this section (excluding 100% Project Based Section 8.) 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 occupied by households who do not receive Section 8 voucher rental subsidies, TBRA, or similar rental assistance 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))

(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); 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 Rehabilitation, Developments receiving funding from TX-USDA-RHS, or Developments proposing single room occupancy without meeting these square footage minimums if requested in the Self Scoring Form. 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) - (xx) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have all ~~at least half~~ of the Units located with a specific amenity to count for points. Applications involving Rehabilitation or single room occupancy may 1.5 ~~double the~~ points for ~~listed for~~ each item, not to exceed 14 points in total.

(i) Covered entries (1 point);

(ii) Nine foot ceilings in living room and all bedrooms (at minimum) (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 living area and 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 including a front loading washer and dryer in required UFAS compliant Units (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 (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, Structural Insulated Panel 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 for New Construction or radiant barrier in the attic for Rehabilitation (3 points);(WG)

(xviii) Energy Star ~~or equivalently~~ rated refrigerators and dishwashers (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 this paragraph. An Applicant may only submit one ~~several~~ source~~s~~ to substantiate points for this section in the Application, but may ~~not~~ substitute any source in response to a Deficiency Notice or after the Application has been submitted to the Department. ~~Use normal rounding~~ (2306.6710(b)(1)(E)) Evidence that the proposed Development has received an allocation of funds for on-site development costs from a Local Political 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 provide a tangible economic benefit that results in a quantifiable cost reduction to 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; 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 in the Application from Local Political Subdivision or a properly-created governmental instrumentality thereof ~~to~~ substantiating~~e~~ the value of the in-kind contributions~~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. 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.~~ A commitment will not be accepted unless ~~T~~the Local Political Subdivision ~~must~~ attests 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. Do not round for the following calculations.

(A) A total contribution equal to or greater than 4% of the Total Housing Development Cost of the Development~~of $500 to $1,000 per Low-income Unit~~ receives 6 points; or

(B) A total contribution equal to or greater than 8% of the Total Housing Development Cost of the Development~~of $1,001 to $3,500 per Low-income Unit~~ receives 12 points; or

(C) A total equal to or greater than 12% of the Total Housing Development Cost of the Development ~~contribution of $3,501 or more per Low-income Unit~~ receives 18 points.~~; or~~

(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,~~ April 2, ~~2006~~2007. 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)) 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 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, direct hard costs, 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 $85~~0~~ per square foot for Qualified Elderly, transitional, and single room occupancy 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 $87~~2~~ per square foot; and $75~~0~~ for all other Developments, unless ~~located in a~~ designated as "First Tier~~ County~~" by the Texas Department of Insurance, in which case their costs do not exceed $72~~2~~7 per square foot. For ~~2005~~2006, the First Tier c~~C~~ounties are Aransas, Brazoria, Calhoun, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, San Patricio, and Willacy. There are also specifically designated First Tier communities in Harris County that are east of State Highway 146, and evidence in the Application must include a map with the Development site designated clearly within the community. These communities are Pasadena, Morgan's Point, Shoreacres, Seabrook and La Porte.~~Brazoria, Cameron, Galveston, Kennedy, Matagorda, Refugio and Willacy.~~ Intergenerational developments will receive 10 points if costs described above do not exceed the square footage limit for elderly and non-elderly units as determined by using the NRA attributable to the respective elderly and non-elderly units. The Department will determine if points will be awarded by multiplying the NRA for elderly units by the applicable square footage limit for the elderly units and adding that total to the result of the multiplication of the NRA for family units by the applicable non-elderly square footage limit. If this maximum cost amount is equal to, or greater than the total of the costs identified above for the application, points will be awarded(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)

(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 of the services; or
(II) Four points will be awarded for providing four of the services; or
(III) Six points will be awarded for providing six 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) **Rehabilitation or Reconstruction.** Applications may qualify to receive 7 points. Applications proposing to build solely Rehabilitation (excluding New Construction of non-residential buildings), or solely Reconstruction (excluding New Construction of non-residential buildings) qualify for points.

(110) **Housing Needs Characteristics.** (42(m)(1)(C)(ii)) Applications may qualify to receive up to 7 points. Each Application~~, based on the Area or county where the Development is located, will~~ may receive a score based on objective measures of housing need in the Area where the Development is located. This Affordable Housing Need Score for each Area will be published in a Site Demographic Characteristics table in the Reference Manual.~~the Uniform Housing Needs Scoring Component. If a Development is in a place, the Area 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 and county will be published in the Reference Manual.~~

(121) **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 Eexisting Residential Development and ~~the proposed~~proposed any Rehabilitation or any Reconstruction ~~or demolition and reconstruction~~ that is part of a Community Revitalization Plan. 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~~a letter from the governing body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted.

(132) **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 Development Site, or reduced portion of the Development sSite as the proposed Development Site under control in the Pre-Application;

(B) have met the Pre-Application Threshold Criteria;

(C) be serving the same target population (family, Intergenerational Housing, or elderly) 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)(2) and (i)(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.

(143) **Development Location.** (2306.6725(a)(4)); 42(m)(1)(C)(i)) Applications may qualify to receive 4 points. Evidence, not more than 6 months old from ~~the date of the close~~the first day of the Application Acceptance Period, that the subject Property is located within one of the geographical areas described in subparagraphs (A) - (GH) of this paragraph. Areas qualifying under any one of the subparagraphs (A) - (GH) of this paragraph will receive 4 points. An Application may only receive points under one of the subparagraphs (A) - (GH) of this paragraph.

(A) A geographical Area which is an Economically Distressed Area; a Colonia; or a Difficult Development Area (DDA) as specifically designated by the Secretary of HUD at the time of Application submission (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 Area was created by the local city council/county commission, and targets a specific geographic Area which was not created solely for the benefit of the Applicant.~~

(C~~D~~) the Development is located in a county that has received an award as of November 15, ~~2005~~2006, 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.

(D~~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)) These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(E~~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. These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(F~~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))

(G~~H~~) the proposed Development will expand affordable housing opportunities for 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)) These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(15~~4~~) **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 not located in ~~an incorporated place or census designated place that is not~~ a Rural Area and ~~but~~ has a population ~~no greater~~less 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~~Decennial Census.~~, 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).~~

(16~~5~~) **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~~24 month period during which units must either be occupied by persons with Special Needs or held vacant. The ~~12~~24 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~~24 month period will begin on the placed in service date as provided in the Cost Certification manual. After the ~~12~~24 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.

(17~~6~~) **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)

(18~~7~~) **Site Characteristics.** Development Sites, including scattered 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 Sites 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 all residents including ~~p~~Persons W~~w~~ith D~~d~~isabilities 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 D~~d~~evelopment site and the location of the services. The services must be identified by name on the map. 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. Development 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. 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.

(19~~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~~d~~evelopment (3 points).

(~~19~~20) **Qualified Census Tracts with Revitalization.** Applications may qualify to receive ~~2~~1 point~~s~~ 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 Community Revitalization Plan. Evidence of the Community Revitalization Plan and a letter from the governing body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted. ~~a~~

~~map showing boundaries of the Community Revitalization Plan and the location of the Development site within the boundaries must be submitted.~~

(21~~0~~) **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 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.

(B) An Application will receive these points if there is evidence that a HUB that does not meet the experience requirements under §~~50.~~49.9(g) of this title, as certified by the Texas Building and Procurement Commission, has at least 51% ownership interest in the General Partner and materially participates in the D~~d~~evelopment 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. Additionally, to qualify for these points, the HUB must partner with an experienced developer (as defined by §~~50.~~49.9 of this title); the experienced developer, as an Affiliate, will not be subject to the credit limit described under §~~50.~~49.6(d) of this title for one application per Application Round. For purposes of this section the experienced developer may not be a Related Party to the HUB.

(22~~1~~) **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.

(23~~2~~) **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 funding must be in addition to the primary funding (construction and permanent loans) that is proposed to be utilized and cannot be from the same source or an affiliated source. 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 Units are designated to serve individuals or families with incomes at or below 30% of AMGI.

(24~~3~~) **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 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. 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.

(2~~4~~5) **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 ~~d~~Developments receiving a housing tax credit commitment made in the ~~a~~Application ~~r~~Round preceding the current round. The extension that will receive a penalty is an extension related to the submission of the ~~c~~Carryover Allocation Agreement or the 10% Test pursuant to §49.14 of this title. 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 D~~d~~evelopment 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 Rehabilitation 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.

(C) Penalties will be imposed on an Application if Developer or Principal of the Applicant violates the Adherence to Obligations pursuant to §49.9(c) of this title.

(j) **Tie Breaker Factors.**

(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.

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

(D) Projects that are intended for eventual tenant ownership. Such Developments must utilize a detached single family site plan and building design and have a business plan describing how the project will convert to tenant ownership at the end of the 15-year compliance period.

(2) This clause identifies how ties will be handled when dealing with the restrictions on location identified in §~~50.~~49.5(a)(8) of this title, and in dealing with any issues relating to capture rate calculation. When two Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the reservation docket number issued by the Texas Bond Review Board 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 Bond Development and a competitive Housing Tax Credit Application in the Application Round would both violate a restriction, the following determination will be used:

(A) Tax-Exempt Bond Developments that receive their reservation from the Bond Review Board on or before April 30, ~~2006~~2007 will take precedence over the Housing Tax Credit Applications in the ~~2006~~2007 Application Round;

(B) Housing Tax Credit Applications approved by the Board for tax credits in July ~~2006~~2007 will take precedence over the Tax-Exempt Bond Developments that received their reservation from the Bond Review Board on or between May 1, ~~2006~~2007 and July 31, ~~2006~~2007; and

(C) After July 31, ~~2006~~2007, a Tax-Exempt Bond Development with a reservation from the Bond Review Board will take precedence over any Housing Tax Credit Application from the ~~2006~~2007 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 ~~2006~~2007 Application Round or a forward commitment, then the Waiting List Application or forward commitment will be eligible for its allocation.

(k) **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 factors provided in subsection §~~50.~~49.10(a) of this section that were used in making this determination.

§~~50.~~49.10 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 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 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;~~

(D~~E~~) the financial feasibility;

(~~F~~E) 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~~E) the Development's proximity to other low-income housing developments;

(F~~I~~) the availability of adequate public facilities and services;

(G~~J~~) the anticipated impact on local school districts;

(H~~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);~~

(I~~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~~and

(J~~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 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 ~~2006~~2007 calendar year, also referred to as Rural Rescue Developments. Applications that are submitted under the ~~2006~~2007 QAP and granted a Forward Commitment of ~~2007~~2008 Housing Tax Credits are considered by the Board to comply with the ~~2007~~2008 QAP by having satisfied the requirements of this ~~2006~~2007 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.

§~~50.~~49.11. 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) 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 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. The site visit must occur before the Housing Tax Credit can be approved by the Board. 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) (§42(m)(1));

(iv) Any member of the governing body of a political subdivision who represents the Area 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;

(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 a community meeting, the Department, if timely notified, will ensure staff are in attendance to provide information regarding the Housing Tax Credit Program; (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) 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 or otherwise known to the Applicant or Department and on record with the state or county; and

(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);)

(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 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 §~~50.~~49.19(b) of this title, a scoring sheet providing details of the Application score, and any other documents relating to the processing of the Application. (2306.6717(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))

§~~50.~~49.12. 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 Bond Developments.** Applications for a 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 ~~2006~~2007 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 12:00 p.m. on December 28~~9~~, ~~2005~~2006. Such filing must be accompanied by the Application fee described in §~~50.~~49.20 of this title.

(2) Applicants which receive advance notice of a Program Year ~~2006~~2007 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 §~~50.~~49.20 of this title prior to the Applicant's bond reservation date as assigned by the TBRB. Those applications designated as Priority 3 by the TBRB must submit Volumes I and II within 14 days of the bond reservation date if the Applicant intends to apply for tax credits regardless of the Issuer. Any outstanding documentation required under this section regardless of Priority 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 Bond Developments.** Tax-Exempt Bond Development Applications are subject to all rules in this title, with the only exceptions being the following sections: §~~50.~~49.4 of this title (regarding State Housing Credit Ceiling), §~~50.~~49.7 of this title (regarding Regional Allocation and Set-Asides), §~~50.~~49.8 of this title (regarding Pre-Application), §~~50.~~49.9(d) and (f) of this title (regarding Evaluation Processes for Competitive Applications and Rural Rescue Applications), §~~50.~~49.9(i) of this title (regarding Selection Criteria), §~~50.~~49.10(b) and (c) of this title (regarding Waiting List and Forward Commitments), and §~~50.~~49.14(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 §~~50.~~49.9(h) 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. If no such planning document exists then the Applicant must submit a letter from the local municipal authority stating such and that there is a need for affordable housing. This documentation must be submitted no later than 14 days before the Board meeting where the credits will be considered. 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 §~~50.~~49.15 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, ~~2005~~2006 will be required to satisfy the requirements of the ~~2005~~2006 QAP; Applications that receive a reservation from the Bond Review Board on or after January 1, ~~2006~~2007 will be required to satisfy the requirements of the ~~2006~~2007 QAP.

(c) **Supportive Services for Tax-Exempt Bond Developments.** (2306.254) 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;

(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 Bond Developments.** Code §42(m)(2)(D) requires the bond issuer (if other than the Department) to ensure that a 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 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 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 §~~50.~~49.10(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).

(f) **Certification of Tax Exempt Applications with New Docket Numbers** Applications that are processed through the Department review and evaluation process and receive an affirmative Board Determination, but do not close the bonds prior to the bond reservation expiration date, and subsequently have that docket number withdrawn from the Bond Review Board, may have their Determination Notice reinstated. The Applicant would need to receive a new docket number from the Texas Bond Review Board.

The new docket number must be issued in the same program year as the original docket number and must not be more than four months from the date the original application was withdrawn from the BRB. The application must remain unchanged. This means that at a minimum, the following can not have changed: site control, total number of units, unit mix (bedroom sizes and income restrictions), design/site plan documents, financial structure including bond and housing tax credit amounts, development costs, rent schedule, operating expenses, sources and uses, ad valorem tax exemption status, target population, scoring criteria (TDHCA issues) or BRB priority status including the effect on the inclusive capture rate. Note that the entities involved in the applicant entity and developer can not change; however, the certification can be submitted even if the lender, syndicator or issuer changes, as long as the financing structure and terms remain unchanged. Notifications under §49.9(h)(8) of this title are not required to be reissued. In the event that the Department's Board has already approved the application for tax credits, the application is not required to be presented to the Board again (unless there is public opposition) and a revised Determination Notice will be issued once notice of the assignment of a new docket number has been provided to the Department and the Department has confirmed that the capture rate and market demand remain acceptable. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than thirty days before the anticipated closing. In the event that the Department's Board has not yet approved the application, the application will continue to be processed and ultimately provided to the Board for consideration. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than forty-five days before the anticipated Department's Board meeting date.

(2) If there are changing to the Application as referenced in paragraph (1) of this subsection, the Application will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new determination notice to be issued.

§~~50.~~49.13 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 § ~~50.~~49.16 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 §~~50.~~49.20 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 §~~50.~~49.20 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 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 §~~50.~~49.12 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 §~~50.~~49.20 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 Rehabilitation 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 rental housing properties in the state of Texas administered by the Department, or outside the state of Texas, that is in Material Noncompliance with the LURA (or any other document containing an Extended 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 on the date specified with the Commitment Notice~~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 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 §~~50.~~49.20(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.

§~~50.~~49.14. 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 pursuant to 42(h)(l)(c) IRC. 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 New Construction 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) For all Developments involving New Construction, 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.

(4) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, ~~2006~~2007.

(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 §~~50.~~49.20 of this title.

§~~50.~~49.15. LURA, Cost Certification.

(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.~~49.17(c) of this title;

(D) Submitted to the Department the LURA in accordance with §~~50.~~49.15(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.

(2) Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. Any Developments issued a Commitment Notice or Determination Notice that fails to submit its Cost Certification documentation by this deadline will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §~~50.~~49.20(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 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. The Department will issue IRS Forms 8609 no later than 90 days from the date that all required documents have been received.

(4) The Department will perform an evaluation of the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of the Development to determine if any entity is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for such property, as described in §60.1 of this title prior to issuance of IRS Forms 8609.

§~~50.~~49.16. 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). 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 §~~50.~~49.9(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 §~~50.~~49.17(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 §~~50.~~49.20 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 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 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 meet Uniform Physical Condition Standards (UPCS) as referenced in Treasury Regulation 1.42-5 (d)(2)(ii) and 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 §~~50.~~49.20 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 §~~50.~~49.15 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 New Construction or Rehabilitation 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.

§~~50.~~49.17 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) 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) 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 §~~50.~~49.9 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 specific ~~2006~~2007 active Application, utilizing a preponderance of the evidence standard, in the following manner.

(1) Within 14 business ~~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 business 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 business days to respond to all information and challenges provided to the Department.

(3) Within 14 business 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 summary 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 §~~50.~~49.18 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) The Board must vote on whether to approve 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 Units being served, or a reduction in the number of 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 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 (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments~~4% or 9%~~) for 24 months from the time that the amendment is approved.

(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 §~~50.~~49.6(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) **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 F~~f~~ederal H~~h~~ome I~~i~~nvestment P~~p~~artnership P~~p~~rogram (HOME);

(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 §~~50.~~49.9(i) 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) **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) **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) 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) 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 §~~50.~~49.5 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) **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.

§~~50.~~49.18. Compliance Monitoring and Material Noncompliance.

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.

§~~50.~~49.19. 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~~ a copy~~original~~ of each completed (as to Part I) IRS Form 8609, ~~a copy~~the original 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 Housing Credit Agencies Report. When a Carryover Allocation is made by the Department, a copy of the Carryover Allocation Agreement will be mailed or faxed~~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 retained~~filed~~ by the Department and~~with~~ IRS Form 8610 Schedule A 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.

§~~50.~~49.20. Program Fees; Refunds; Public Information Requests; Adjustments 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))For Tax Exempt Bond Developments with the Department as the issuer, the Applicant shall submit the following fees: $1,000 (payable to TDHCA), $1,500 (payable to Vincent & Elkins, Bond Counsel), and $5,000 (payable to the Texas Bond Review Board).

(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)) For Tax Exempt Bond developments with the Department as the Issuer the Applicant shall submit a tax credit application fee of $30 per unit and bond application fee of $10,000. Those applications utilizing a local issuer only need to submit the tax credit application fee.

(d) **Refunds of Pre-Application or Application Fees.** (2306.6716(c)) Upon written request from the Applicant, ~~T~~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 Pre-Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 50% of the review, and Threshold review prior to a deficiency issued will constitute 30% of the review. Deficiencies submitted and reviewed constitute 20% of the review. 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% of the review, the site visit will constitute 20% of the review, Eligibility and Selection review will constitute 20%, and Threshold review will constitute 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~~of request.

(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 §§~~50.~~49.9(d)(6), (e)(3), and ((f)(4) 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 or Determination 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 form 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 $7~~50.~~49. 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 Bond Credit Increase Request Fee.** As further described in §~~50.~~49.12 of this title, requests for increases to the credit amounts to be issued on IRS Forms 8609 for Tax-Exempt Bond Developments must be submitted with a request fee equal to five~~one~~ percent of the amount of the credit increase for one year~~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~~-~~ to determine 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~~.~~. 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.~~49.17(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~~Competitive Housing Tax Credit 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~~180 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.

§~~50.~~49.21. 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.

§~~50.~~49.22. 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) §1.13 of this title may be waived for any person seeking any action by filing a request with the Board.

(c~~b~~) The Department may amend this chapter and the Rules contained herein at any time in accordance with the Government Code, Chapter 2001.

§~~50.~~49.23. 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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

DRAFT ~~2006~~ 2007 MULTIFAMILY HOUSING REVENUE BOND RULES
TITLE 10, PART 1, CHAPTER ~~33~~35, TEXAS ADMINISTRATIVE CODE

TITLE 10. COMMUNITY DEVELOPMENT
PART I. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER ~~33~~35. MULTIFAMILY HOUSING REVENUE BOND RULES
10 TAC §§~~33~~35.1 – ~~33~~35.10

§~~33~~35.1. Introduction

The purpose of this Chapter ~~33~~ 35 is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon Developments financed with the issuance of Bonds for the ~~2006~~ 2007 Private Activity Bond Program Year. The rules and provisions contained in Chapter ~~33~~35, of this title are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a housing tax credit allocation should consult the Department's Qualified Allocation Plan and Rules ("QAP"), in effect for the program year for which the Housing Tax Credit application will be submitted. If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in the chapter.

§~~33~~35.2. Authority

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code. All Bonds issued by the Department must conform to the requirements of the Act. Notwithstanding anything herein to the contrary, tax-exempt Bonds which are issued to finance the Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to Chapter 2306 and Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this chapter).

§~~33~~35.3. Definitions

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

(1) Administrative Deficiency—as defined in §49.3(1) of this title.

(~~1~~2) Applicant~~--~~as defined in §49.3(6) of this title. ~~any Person or Affiliate of a Person who is a member of the General Partner, who files a Pre-Application or full Application with the Department requesting the Department issue Bonds to finance a Development.~~

(~~2~~3) Application-- as defined in §49.3(7) of this title.~~an Application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material.~~

(~~3~~4) Board--the Governing Board of the Department.

(4~~5~~) Bond--an evidence of indebtedness or other obligation, regardless of the sources of payment, issued by the Department under the Act, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable, or nonnegotiable, in bearer or registered form, in certified or book entry form, in temporary or permanent form, or with or without interest coupons.

(~~5~~6) Code--the U. S. 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 by the United States Department of the Treasury or the Internal Revenue Service.

(~~6~~7) Development~~--~~ as defined in §49.3(31) of this title.~~property or work or a development, 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 for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, or use by individuals and families of Low Income 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, sewage facilities, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community,~~

~~and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances; and~~

~~(B) multifamily dwellings in rural and urban areas.~~

(~~7~~8) Development Owner-- as defined in §49.3(33) of this title. ~~an Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.~~

(~~8~~9) Eligible Tenants--means

(A) individuals and families of Extremely Low, Very Low and Low Income,

(B) Families of Moderate Income (in each case in the foregoing subparagraph (A) and (B) of this paragraph as such terms are defined by the Issuer under the Act), and

(C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.

(~~9~~10) Extremely Low Income--the income received by an individual or family whose income does not exceed thirty percent (30%) of the area median income or applicable federal poverty line, as determined by the Act.

(1~~0~~1) Family of Moderate Income--a family:

(A) that is determined by the Board to require assistance taking into account

(i) the amount of total income available for the housing needs of the individuals and family,

(ii) the size of the family,

(iii) the cost and condition of available housing facilities,

(iv) the ability of the individuals and family to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing, and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of Low Income.

(1~~1~~2) Ineligible Building Type-- as defined in §49.3(52) of this title. ~~as defined in the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted.~~

(1~~2~~3) Institutional Buyer--means

(A) an accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §§230.501(a)(4) through (6)) or

(B) a qualified institutional buyer as defined by Rule 144A promulgated under the Securities Act of 1935, as amended (17 CFR §230.144A).

(14) Intergenerational Housing—as defined in §49.3(53) of this title.

(1~~3~~5) Low Income--the income received by an individual or family whose income does not exceed eighty percent (80%) of the area median income or applicable federal poverty line, as determined by the Act.

(1~~4~~6) 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 law, including this title, the Act and Section 42 of the Code.

(17) New Construction—as defined in §49.3(59) of this title.

(1~~5~~8) Owner--an Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.

(1~~6~~9) Persons with Special Needs--persons who

(A) are considered to be disabled under a state or federal law,

(B) are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program,

(C) are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or

(D) are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph above and meet the income guidelines established by the Board.

(~~17~~20) Private Activity Bonds--any Bonds described by §141(a) of the Code.

(~~18~~21) Private Activity Bond Program Scoring Criteria--the scoring criteria established by the Department for the Department's Multifamily Housing Revenue Bond Program, §35.6(d) of this title.

(~~19~~22) Private Activity Bond Program Threshold Requirements--the threshold requirements established by the Department for the Department's Multifamily Housing Revenue Bond Program, §35.6(c) of this title.

(~~20~~23) Program--the Department's Multifamily Housing Revenue Bond Program.

(2~~1~~4) Proper Site Control--Regarding the legal control of the land to be used for the Development, means the earnest money contract is in the name of the Applicant (principal or member of the General Partner); fully executed by all parties and escrowed by the title company.

(2~~2~~5) Property--the real estate and all improvements thereon, whether currently existing or proposed to be built thereon in connection with the Development, and including all items of personal property affixed or related thereto.

(2~~3~~6) Qualified 501(c)(3) Bonds--any Bonds described by §145(a) of the Code.

(27) Reconstruction – as defined in §49.9(75) of this title.

(28) Rehabilitation—as defined in §49.9(77) of this title.

(2~~4~~9) Tenant Income Certification--a certification as to income and other matters executed by the household members of each tenant in the Development, in such form as reasonably may be required by the Department in satisfaction of the criteria prescribed by the Secretary of Housing and Urban Development under §8(f)(3) of the Housing Act of 1937 ("the Housing Act") (42 U.S.C. 1437f) for purposes of determining whether a family is a lower income family within the meaning of the §8(f)(1) of the Housing Act.

(~~25~~30) Tenant Services--social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §601 et seq.), and other similar services.

(~~26~~31) Tenant Services Program Plan--the plan, subject to approval by the Department, which describes the Tenant Services to be provided by the Development Owner in a Development.

(~~27~~32) Trustee--a national banking association organized and existing under the laws of the United States, as trustee (together with its successors and assigns and any successor trustee).

(~~28~~33) Unit~~--~~—as defined in §49.9(91) of this title.~~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.~~

(~~29~~34) Very Low Income--the income received by an individual or family whose income does not exceed sixty percent (60%) of the area median income or applicable federal poverty line as determined under the Act.

§~~33~~35.4. Policy Objectives & Eligible Developments

The Department will issue Bonds to finance the rehabilitation, preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income.

§~~33~~35.5. Bond Rating and Investment Letter

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

(b) Investment Letters. Bonds rated less than "A," or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investment letter acceptable to the Department. Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§~~33~~35.6. Application Procedures, Evaluation and Approval

(a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Application--including costs associated with the publication and posting of required public notices--and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any stage during the Application process, the Applicant is solely responsible for determining whether to proceed with the Application, and the Department disclaims any and all responsibility and liability in this regard.

(b) Pre-application. An Applicant who requests financing from the Department for a Development shall submit a pre-application in a format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed Development. Upon review of the pre-application, if the Development is determined to be ineligible for Bond financing by the Department, the Department will send a letter to the Applicant explaining the reason for the ineligibility. If the Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as described in subsection (d) of this section. The Department will ~~score and~~ rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score, reflecting a priority structure which gives consideration to the income levels of the tenants and the rent levels of the units consistent with Section 2306.359. This priority ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use, as a tie-breaking mechanism, a priority first for Applications involving rehabilitation; then if a tie still exists, the Application with the greatest number of points awarded for Quality and Amenities for the Development; then if a tie still exists, the Department will grant preference to the pre-application with the lower number of net rentable square feet per bond amount requested. Pre-Applications must meet the threshold requirements as stated in the Private Activity Bond Program Threshold Requirements as set out in subsection (c) of this section. ~~The Private Activity Bond Program Threshold Requirements will be posted on the Department's website.~~ After scoring and ranking, the Development and the proposed financing structure will be presented to the Department's Board for consideration of a resolution declaring the Department's initial intent to issue Bonds (the "inducement resolution") with respect to the Development. Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application. After Board approval of the inducement resolution, the ~~scored and ranked~~induced Applications will be submitted to the Texas Bond Review Board for its lottery, waiting list or carryforward processing in rank order. The Texas Bond Review Board will draw the number of lottery numbers that equates to the number of eligible Applications submitted by the Department for participation in lottery. The lottery numbers drawn will not equate to a specific Development. The Texas Bond Review Board will thereafter assign the lowest lottery number drawn to the highest ~~scored and~~ ranked Application as previously determined by the Department. The Texas Bond Review Board will issue reservations of allocation for Applications submitted for the waiting list or carryforward in the order ~~determined~~provided by the Department based on rank. The criteria by which a Development may be deemed to be eligible or ineligible are explained below in subsection (g) of this section, entitled ~~Evaluation~~Eligibility Criteria. The Private Activity Bond Program Scoring Criteria will be posted on the Department's website. ~~The pre-application shall consist of the following information:~~

~~(1) Completed Current Uniform Application forms in the format required by the Department;~~

~~(2) Texas Bond Review Board's Residential Rental Attachment;~~

~~(3) Relevant Development Information;~~

~~(4) Certification of Local Elected Official request for neighborhood organization information and Public Notification Information;~~

~~(5) Certification and agreement to comply with the Department's rules;~~

~~(6) Agreement of responsibility of all cost incurred;~~

~~(7) An organizational chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant;~~

~~(8) Evidence that the Applicant and principals are registered with the Texas Secretary of State, or if the Applicant has not yet been formed, evidence that the name of the Applicant is reserved with the Secretary of State;~~

~~(9) Organizational documents such as partnership agreements and articles of incorporation, as applicable, for the Applicant and its principals;~~

~~(10) Documentation of non-profit status if applicable; Evidence of good standing from the Comptroller of Public Accounts of the State of Texas for the Applicant and its principals; Corporate resumes and individual resumes of the Applicant and any principals;~~

~~(11) A copy of an executed earnest money contract between the Applicant and the seller of the Property. For all Applications submitted the earnest money contract must be in effect at the time of submission of the application and expire no earlier than December 1 of the year preceding the applicable program year for lottery Applications and expire no earlier than 120 days after the date of submission for waiting list and carryforward Applications. The earnest money contract must stipulate and provide for the Applicant's option to extend the contract expiration date through March 1 of the program year for lottery Applications or option to extend an additional 120 days from the initial expiration for waiting list and carryforward Applications, subject only to the seller's receipt of additional earnest money or extension fees, so that the Applicant will have site control at the time a reservation of allocation is granted. If the Applicant owns the Property, a copy of the recorded warranty deed is required;~~

~~(12) Evidence of zoning appropriate for the proposed use, application for the appropriate zoning or statement that no zoning is required;~~

~~(13) A local map showing the location of the proposed Property site;~~

~~(14) A boundary survey or subdivision plat which clearly identifies the location and boundaries of the subject Property;~~

~~(15) Name, address and telephone number of the Seller of the Property;~~

~~(16) Construction draw and lease-up proforma for Developments involving new construction;~~

~~(17) Past two years' operating statements for existing Developments;~~

~~(18) Current market information which includes rental comparisons;~~

~~(19) Documentation of local Section 8 utility allowances;~~

~~(20) Verification/Evidence of delivery of federal, state, and local community notifications;~~

~~(21) Self-Scoring Criteria; and~~

~~(22) Such other items deemed necessary by the Department per individual application.~~

(c) Pre-Application Threshold Requirements.

(1) As the Department reviews the Application, the Department will use the following assumptions, even if not reflected by the Applicant in the Application. Prequalification Assumptions:

(A) Development Feasibility:

(i) Debt Coverage Ratio must be greater than or equal to 1. ~~10~~15;

~~(ii) Annual Expenses must be at least $3,800 per Unit or $3.75 per square foot;~~

(ii~~i~~) Deferred Developer Fees are limited to 80% of Developer's Fees;

(iii~~v~~) Contractor Fee, Overhead and General Requirements are limited to 14~~6~~% of direct costs plus site work cost; and

~~(v) Overhead is limited to 2% of direct costs plus site work cost;~~

~~(vi) General Requirements are limited to 6% of direct costs plus site work cost;~~

(iv~~ii~~) Developer Fees cannot exceed 15% of the project's Total Eligible Basis.

(B) Construction Costs Per Unit Assumption. ~~The acceptable range is $55 to 65~~Costs not to exceed $75 per Unit for general population developments and ~~$55 to $75~~$85 for elderly developments (Acquisition / Rehab developments are exempt from this requirement);

(C) Anticipated Interest Rate ~~Assumption~~and Term. ~~6.00% for 30 year financing and 6.75% for 40 year financing~~as stated in the preliminary financing commitment from the Application;

(D) Size of Units (Acquisition / Rehab developments are exempt from this requirement);

(i) One bedroom Unit must be greater than or equal to 650 square feet for family and 550 square feet for senior Units.

(ii) Two bedroom Unit must be greater that or equal to 900 square feet for family and 750 square feet for senior Units.

(iii) Three bedroom Unit must be greater than or equal to 1,000 square feet for family.
(iv) Four bedroom Unit must be greater than or equal to 1200 square feet for family.

(2) Appropriate Zoning. Evidence of appropriate zoning for the proposed use or evidence of application made and pending decision;

(3) Executed Site Control. Properly executed and escrow receipted site control through ~~12/1/05~~December 1, 2006 with option to extend through ~~3/1/06~~March 1, 2007 for lottery Applications or 150 days later than the date of Application submission or through the full reservation period, whichever is longer ~~120 days from date of Application submission with option to extend an additional 120 days from the initial expiration~~ for waiting list and carryforward Applications;

(4) Previous Participation and Authorization to Release Credit Information (located in the uniform application);

(5) Current Market Information (must support affordable rents);

(6) Completed current TDHCA ~~Uniform~~ Bond Pre-Application and application exhibits;

(7) Completed Multifamily Rental Worksheets;

(8) Certification of Local Elected Official request for neighborhood organization information and Public Notification Information (see application package);

(9) Relevant Development Information and Public Notification Information Form (see application package);

(10) Completed ~~2006~~ 2007 Bond Review Board Residential Rental Attachment;

(11) Signed letter of Responsibility for All Costs Incurred;

(12) Signed Mortgage Revenue Bond Program Certification Letter;

(13) Evidence of Paid Application Fees ($1,000 to TDHCA, $1,500 to Vinson and Elkins and $5,000 to Bond Review Board);

(14) Boundary Survey or Plat clearly identifying the location and boundaries of the subject property;

(15) Local Area map showing the location of the Property and Community Services / Amenities within a three (3) mile radius;

(16) Utility Allowance documented from the Appropriate Local Housing Authority;

(17) Organization Chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant with evidence of Entity Registration or Reservation with the Secretary of State; and

(18) Required Notification. Evidence of notifications shall include a copy of the exact letter and other materials that were sent to the individual or entity, a sworn affidavit stating that they made all the required notifications prior to the deadlines and a copy of the entire mailing list (including names and complete addresses) of all the recipients. Proof of notification must not be older than three months prior to the date of Application submission date. Notification must be sent to all the following individuals and entities (If the QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed below, then the QAP and Rules will override the notification process listed below):

(A) State Senator and Representative that represents the community containing the development;

(B) Presiding Officer of the governing body of any municipality containing the development and all elected members of that body (Mayor, City Council members);

(C) Presiding Officer of the governing body of the county containing the development and all elected members of that body (County Judge and/or Commissioners);

(D) School District Superintendent of the school district containing the development;

(E) Presiding Officer of the School Board of Trustees of the school district containing the development; and

~~(F) Evidence 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" as outlined in the Application was sent no later than twenty-one (21) days prior to the Application submission 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 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 official, the 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 listed address has the same zip code as the zip code for the Development must be provided with written notification, and evidence of the 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 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 proposed Development site must be provided with written notification, and evidence of that notification must be provided. If no response is received from the local elected official by seven (7) days prior to Application submission then the Applicant must submit a statement attesting to that fact in the format provided by the Department as part of the Application.~~

(F) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under subparagraph (i) of this paragraph must be made by the deadlines described in that clause. Evidence of notification must meet the requirements identified in subparagraph (ii of this paragraph to all of the individuals and entities identified in subparagraph (iii) of this paragraph.

(i) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(I) No later than twenty-one (21) days prior to the date the Application is submitted, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application materials to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(II) If no reply letter is received from the local elected officials by seven (7) days prior to the Application submission, then the Applicant must certify to that fact with the "Pre-Application Notification Certification Form" provided in the Pre-Application materials.

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(ii) No later than the date the Pre-Application is submitted, Notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt in the format required in the "Pre-Application Notification Template" provided in the Pre-Application materials. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application materials. It is strongly encouraged that Applicants retain proof of notifications in the event the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(I) Neighborhood Organizations on record with the city, state or county whose boundaries include the proposed Development Site as identified in subsection (i)(III) of this subparagraph.

(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 representative of the district containing the Development; and

(IX) State senator of the district containing the Development.

(iii) 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 Private Activity Bonds and Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

(VI) The approximate total number of Units and approximate total number of 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; and

(VIII) The number of Units and proposed rents (less utility allowances) for the 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.

(d) Pre-Application Scoring Criteria.

(1) Construction Cost Per Unit includes: direct hard costs, site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. Must be greater than or equal to $~~60~~ 85 per square foot (1 point) (Acquisition / Rehab will automatically receive (1 point)).

(2) Size of Units. Average size of all Units combined in the development must be greater than or equal to 950 square foot for family and must be greater than or equal to 750 square foot for elderly (5 points). (Acquisition / Rehab developments will automatically receive 5 points).

(3) Period of Guaranteed Affordability for Low Income Tenants. Add 10 years of affordability after the extended use period for a total affordability period of 40 years (1 point).

(4) Quality and Amenities ~~((maximum 35 points) Acquisition / Rehab (with no demolition / new construction) will receive double points not to exceed 35 points)). (If there are changes to the Application prior to closing that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points).~~ Substitutions in amenities will be allowed as long as the overall score is not affected~~)~~. Applications in which Developments provide specific qualities and amenities at no extra charge to the tenant will be awarded points as follows:

(A) Laundry Connections (2 points);

(B) Self-cleaning or continuous cleaning ovens (1 point);

(C) Microwave Ovens (in each Unit) (1 point);

(D) Refrigerator with icemaker (1 point);

(E) Laundry equipment (washer and dryers) for each Unit (3 points);

(F) Storage Room of approximately nine (9) square feet or greater (does not have to be in the unit but must be on the property) (1 point);

(G) Covered entries (1 point);

(H) Nine foot ceilings (1 point);

(I) Covered patios or covered balconies (1 point);

(J) Covered Parking (at least one per Unit) (3 points);

(K) Garages (equal to at least 35% of Units) (5 points);

(L) Ceiling Fans in all rooms except bathrooms and kitchens (light with ceiling fan in all bedrooms) (1 point);

(M) 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes EIFS) (5 points);

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

(O) Use of energy efficient alternative construction materials (structurally insulated panels) with wall insulation at a minimum of R-20 (3 points);

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

(Q) ~~-~~14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for the rehabilitation (3 points);

(R) ~~-~~Energy Star or equivalently rated kitchen appliances (2 points);

(S) One Children's Playscape~~Playground~~ Equipped for 5 to 12 years olds, or one Tot Lot– Only Family Developments Eligible (1 point) ~~and Equipment or Covered Community Porch (3 points)~~;

(T) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each—Only Family Developments Eligible (2 points);

(U) Sport Court (Tennis, Basketball or Volleyball) – Only Family Developments Eligible (2 points);

(V) Enclosed sun porch or covered community porch/patio (2 points);

(~~T~~W) BBQ Grills and Tables (at least one each per 50 Units) ~~or Walking Trail (minimum length of 1/4 mile)~~ (1~~3~~ points);

(X) Accessible walking path/jogging path separate from a sidewalk (1 point);
(~~U~~Y) Full Perimeter Fencing ~~with controlled gate access~~ (~~3~~2 points);
(Z) Controlled access gate (1 point);
(~~V~~AA) Equipped and functioning business center or equipped computer learning center with 1 computer and 1 fax machine for every 25 Units proposed in the Application, and 1 printer for every 2 computers ~~Computers with internet access / Business Facilities (8 hour availability)~~ (2 points);
(~~W~~BB) Game Room or TV Lounge (2 points);
(~~X~~CC) Furnished and staffed children's activity center—Only Family Developments Eligible (3 points);
(~~Y~~DD) Horseshoe pit, putting green or shuffleboard court (only qualified elderly developments) ~~(2 points);~~ (1 point);
(~~Z~~EE) Furnished Fitness Center~~Workout Facilities or Library (with comparable square footage as workout facilities)~~ (2 points).
(FF) Library with an accessible sitting area (separate from the community room) (1 points);
(GG) Gazebo with sitting area (1 point);
(HH) Emergency 911 telephones accessible and available to tenants 24 hours a day (2 points);
(II) Covered Pavilion that includes barbeque grills and tables (2 points);
(JJ) Swimming pool (3 points).
(KK) Community laundry room (with at least one front leading washer (1 point);
(LL) Furnished Community room (1 point);
(MM) Service coordinator office in addition to leasing offices (1 point);
(NN) Senior Activity Room (Arts and Crafts, etc.) – Only Qualified Elderly Developments Eligible (2 points);
(OO) Health Screening Room (1 point)
(PP) Secured Entry (elevator buildings only) – (1 point);
(QQ) Community Dining Room with full or warming kitchen—Only Qualified Elderly Developments Eligible (3 points);

(5) Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included)~~.~~;
(A) $10.00 per Unit per month (10 points);
(B) $7.00 per Unit per month (5 points);
(C) $4.00 per Unit per month (3 points).

(6) Zoning appropriate for the proposed use or no zoning required ~~(~~appropriate zoning for the intended use must be in place at the time of ~~a~~Application submission date, ~~September 6, 2005~~September 5, 2006 (Applications submitted for lottery) or ~~first Monday of each month~~the submission dates listed on the Department's website ~~(~~for Applications submitted for waiting list and carryforward~~)~~, in order to receive points~~)~~ (5 points).

(7) Proper Site Control (as defined in §~~33~~35.3(21) of this title control through ~~12/01/05~~December 1, 2006 with option to extend through ~~03/01/06~~March 1, 2007 (Applications submitted for lottery) or 150 days from the date of Application submission or through the full reservation period whichever is longer.~~120 days after the applicable submission date with option to extend an additional 120 days after the initial expiration~~ ~~(~~for Applications submitted for waiting list and carryforward~~)~~(all information must be correct at the time of the Application submission date, ~~September 6, 2005~~September 5, 2006 ~~(~~for Applications submitted for lottery~~)~~ or ~~first Monday of each month~~the submission dates listed on the Department's website ~~(~~for Applications submitted for waiting list or carryforward~~)~~, in order to receive points~~)~~ (5 points).

(8) Development Support / Opposition ~~(~~Maximum net points of +24 to -24. Each letter will receive a maximum of +3 to -3. All letters received by 5:00 PM, ~~October 7, 2005~~September 29, 2006 ~~(~~for Applications submitted for lottery~~)~~ or fourteen (14) days prior to the date of the Board meeting at which the Application will be considered ~~(~~for Applications submitted for waiting list and carryforward~~)~~ will be used in scoring~~)~~.
(A) Texas State Senator and Texas State Representative (maximum +~~6~~3 to -~~6~~3 points per official);
(B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +~~6~~3 to -~~6~~3 points per official);
(C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +~~6~~3 to -~~6~~3 points per official);
(D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +~~6~~3 to -~~6~~3 points per official).

(9) Penalties for Missed Deadlines in the Previous Year's Bond and / or Tax Credit program year. ~~(~~This includes approved and used extensions~~)~~ (-1 point ~~with maximum 3 point deduction~~per missed deadline).

(10) Local Political Subdivision Development Funding Commitment that enables additional Units for the Very Low Income (CDBG, HOME or other funds through local political subdivisions) ~~(m~~Must be greater than or equal to 2% of the bond amount requested and must provide at least 5% of the total Development Units at or below 30% AMFI or an additional 5% of the total Development Units if the Applicant has chosen category Priority 1B on the residential rental attachment~~)~~ (2 points).

(11) Proximity to Community Services / Amenities ~~(~~Community services / amenities within three (3) miles of the site. A map must be included with the Application showing a three (3) mile radius notating where the services / amenities are located~~)~~ (maximum 12 points)

(A) Full service grocery store or supermarket (1 point);
(B) Pharmacy (1 point);
(C) Convenience store / mini-market (1 point);
(D) Retail Facilities (Target, Wal-Mart, Home Depot, etc.) (1 point);
(E) Bank / Financial Institution (1 point);
(F) Restaurant (1 point);
(G) Indoor public recreation facilities (community center, civic center, YMCA) (1 point);
(H) Outdoor public recreation facilities (park, golf course, public swimming pool) (1 point)
(I) Fire / Police Station (1 point);
(J) Medical Facilities (hospitals, minor emergency, doctor or dentist offices) (1 point);
(K) Public Library (1 point);
(L) Public Transportation (1/2 mile from site) (1 point);
(M) Public School (only one school required for point and only eligible with general population developments) (1 point)~~-~~.

(12) Proximity to Negative Features ~~(~~adjacent to or within 300 feet of any part of the Development site boundaries~~)~~. A map must be included with the application showing where the feature is located. Developer must provide a letter stating there are none of the negative features listed below within the stated area if that is correct. (maximum -20 points)

(A) Junkyards (5 points);
(B) Active Railways (excluding light rail) (5 points);
(C) Heavy industrial / manufacturing plants (5 points);
(D) Solid Waste / Sanitary Landfills (5 points);
(E) High Voltage Transmission Towers within 100 feet (5 points).

(13) Acquisition / Rehabilitation Developments will receive thirty (30) points. This will include the demolition of old buildings and new construction of the same number of units if allowed by local codes or less units to comply with local codes (not to exceed 252 total units).

(14) Preservation Developments will receive ten (10) points. This includes rehabilitation proposals on properties which are nearing expiration of an existing affordability requirement within the next two years or for which the there has been a rent restriction requirement in the past ten years. Evidence must be provided.

(e) Financing Commitments. After approval by the Board of the inducement resolution, and before submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

(f) Final Application. An Applicant who elects to proceed with submitting a final Application to the Department must submit the Volumes I and II of the Application, for Priority 1 and 2, prior to receipt of a reservation of allocation from the Texas Bond Review Board.~~ and ~~For Priority 3 Applications the Volumes I and II must be submitted within fourteen (14) days of the reservation date from the Texas Bond Review Board. T~~t~~he Volumes III and VI of the Application and such supporting material as is required by the Department must be submitted at least sixty (60) days prior to the scheduled meeting of the Board at which the Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. If the Applicant is applying for other Department funding then refer to the Rules for that program for Application submission requirements. The final application must adhere to the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in paragraphs (1) through (42) of this subsection shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board. 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, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, 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. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies within five business days will result in a penalty fee of $500 for each day the deficiency remains unresolved. Any Application with unresolved deficiencies after the 10th day from the issuance of the deficiency notice will be terminated. The Applicant will be responsible for the payment of any fees accrued pursuant to this section regardless of any termination pursuant to this section. 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. The Application will not be presented to the Board for consideration until all outstanding fees have been paid. The final application and supporting material shall consist of the following information:

(1) A Public Notification Sign shall be installed on the proposed Development site, regardless of Priority, ~~no later than thirty (30) days after the submission of Volume I and II of the Tax Credit Application to the Department (pictures and invoice receipts must be submitted as evidence of installation within thirty (30) days of the submission).~~ within thirty (30) days of the Department's receipt of Volumes I and II or thirty (30) days prior to the bond public hearing date, whichever is earlier. The date, time and location of the Bond Public Hearing must be included on the sign as soon as the hearing has been scheduled. The sign must be at least four (4) feet by eight (8) feet in size and be located within twenty (20) feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the development. The information and lettering on the sign must meet the requirements identified in the Application. 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 all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development site. This written notification must include the information otherwise required for the sign. 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 1,000 foot or local ordinance area 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. The Applicant must mail notice to any public official that changed from the submission of the pre-application to the submission of the final application and any neighborhood organization that is known and was not notified at the time of the pre-application submission. No additional notification is required unless the Applicant submitted a change in the Application that reflects a total Unit increase greater than 10%, an increase greater than 10% for any given AMFI, or a change in the population being served (elderly, general population or transitional);

(2) Completed Uniform Application and Multifamily Rental Worksheets ~~forms~~ in the format required by the Department;

(3) Certification of no changes from the pre-application to the final application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the application being placed below another application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points);

(4) Certification and agreement to comply with the Department's rules;

(5) A narrative description of the Development;

(6) A narrative description of the proposed financing;

(7) Firm letters of commitment from any lenders, credit providers, and equity providers involved in the transaction;

(8) Documentation of local Section 8 utility allowances;

(9) Site plan;

(10) Unit and building floor plans and elevations;

(11) Complete construction plans and specifications;

(12) General contractor's contract;

(13) Completion schedule;

(14) Copy of a recorded warranty deed if the Applicant already owns the Property, or a copy of an executed earnest money contract between the Applicant and the seller of the Property if the Property is to be purchased;

(15) A local map showing the location of the Property;

(16) Photographs of the Site;

(17) Survey with legal description;

(18) Flood plain map;

(19) Evidence of zoning appropriate for the proposed use from the appropriate local municipality that satisfies one of these subparagraphs (A) through (C) of this paragraph:

(A) ~~no later than fourteen (14) days before the Board meets to consider the transaction, the Applicant must submit to the Department~~ written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that they will recommend approval of the appropriate zoning to the entity responsible for final approval of zoning decisions;

(B) provide 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;

(C) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating the Development is permitted under the provision of the zoning ordinance that apply to the location of the Development ~~or that there is not a zoning requirement.~~

(20) Evidence of the availability of utilities;

(21) Copies of any deed restrictions which may encumber the Property;

(22) A Phase I Environmental Site Assessment performed in accordance with the Department's Environmental Site Assessment Rules and Guidelines (§1.35 of this title);

(23) Title search or title commitment;

(24) Current tax assessor's valuation or tax bill;

(25) For existing Developments, current insurance bills;

(26) For existing Developments, past two (2) fiscal year end development operating statements;

(27) For existing Developments, current rent rolls;

(28) For existing Developments, substantiation that income-based tenancy requirements will be met prior to closing;

(29) A market study performed in accordance with the Department's Market Analysis Rules and Guidelines (§1.33 of this title);

(30) Appraisal of the existing or proposed Development performed in accordance with the Department's Underwriting Rules and Guidelines (§1.32 of this title);

(31) Statement that the Development Owner will accept tenants with Section 8 or other government housing assistance;

(32) An organizational chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant;

(33) Evidence that the Applicant and principals are registered with the Texas Secretary of State, as applicable;

(34) Organizational documents such as partnership agreements and articles of incorporation, as applicable, for the Applicant and its principals;

(35) Documentation of non-profit status if applicable;

(36) Evidence of good standing from the Comptroller of Public Accounts of the State of Texas for the Applicant and its principals;

(37) Corporate resumes and individual resumes of the Applicant and any principals;

(38) Latest two (2) annual ~~financial~~ financial/operating statements and current interim financial statement for the Applicant and its principals;

(39) Latest income tax filings for the Applicant and its principals;

(40) Resolutions or other documentation indicating that the transaction has been approved by the general partner;

(41) Resumes of the general contractor's and the property manager's experience; and

(42) Such other items deemed necessary by the Department per individual application.

(g) ~~Evaluation~~ Eligibility Criteria. The Department will evaluate the Development for eligibility at the time of pre-application, and at the time of final Application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the conditions set out in paragraphs (1) through (6) of this subsection in order for a Development to be considered eligible:

(1) The proposed Development must further meet the public purposes of the Department as identified in the ~~Act~~Code.

(2) The proposed Development and the Applicant and its principals must satisfy the Department's Underwriting Rules and Guidelines (§1.32 of this title). The pre-application must include sufficient information for the Department to establish that the Underwriting Guidelines can be satisfied. The final Application will be thoroughly underwritten according to the Underwriting Rules and Guidelines (§1.32 of this title).

(3) The Development must not be located on a site determined to be unacceptable for the intended use by the Department.

(4) Any Development in which the Applicant or principals of the Applicant have an ownership interest must be found not to be in Material Non-Compliance under the compliance Rules in effect at the time of pre-application submission. Any corrective action documentation affecting the Material Non-compliance status score must be submitted to the Department no later than thirty (30) days prior to final application submission.

(5) Neither the Applicant nor any principals of the Applicant is, at the time of Application:

(A) 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

(B) has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation, misappropriation of funds, or other similar criminal offenses within fifteen (15) years; or

(C) is subject to enforcement action under state or federal securities law, action by the NASD, subject to a federal tax lien, or the subject of an enforcement proceeding with any governmental entity; or

(D) neither applicant nor any principals of the applicant have a development under their ownership or control with a Material Non-compliance score as set out in the Department's Compliance Monitoring Policies and Procedures (§60.1 of this title); or

(E) otherwise disqualified or debarred from participation in any of the Department's programs.

(6) Neither the Applicant nor any of its principals may have provided any fraudulent information, knowingly false documentation or other intentional or negligent misrepresentation in the Application or other information submitted to the Department.

(h) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction.

(i) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §2306.0661, Texas Government Code and §147(f) of the Code, in order to receive comments from the public pertaining to the Development and the issuance of the Bonds. The Applicant or member of the Development team must be present and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should contain at a minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is an acquisition/rehabilitation then the presentation should include the scope of work that will be done to the property. All handouts must be submitted to the Department for review at least two (2) days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant. The Board's decisions on approvals of proposed Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed Development:

~~(1) The Development Owner market study;~~

~~(2) The location, including supporting broad geographic dispersion;~~

~~(3) The compliance history of the Development Owner;~~

~~(4) The financial feasibility;~~

~~(5) The inclusive capture rate as described under Chapter 10, Texas Administrative Code, §1.32(g)(2);~~

~~(6) The Development's proposed size and configuration in relation to the housing needs of the community in which the Development is located;~~

~~(7) The Development's proximity to other low income Developments;~~

~~(8) The availability of adequate public facilities and services;~~

~~(9) The anticipated impact on local school districts, giving due consideration to the authorized land use;~~

~~(10) Zoning and other land use considerations;~~

~~(11) Fair Housing law, including affirmatively furthering fair housing;~~

~~(12) The Applicant and/or Developer's efforts to engage the neighborhood;~~

~~(13) The housing needs of the community, area, region and state;~~

~~(14) Consistency with local needs, including consideration of revitalization or preservation needs;~~

~~(15) Providing integrated, affordable housing for individuals and families with different levels of income;~~

~~(16) Meeting a compelling housing need;~~
(1) The developer market study;
(2) The location;
(3) The compliance history of the developer;
(4) The financial feasibility;
(5) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;
(6) The Development's proximity to other low income Developments;
(7) The availability of adequate public facilities and services;
(8) The anticipated impact on local school districts;
(9) Zoning and other land use considerations;
(10~~7~~) 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.~~; and
(11) Other good cause as determined by the Board.

(j) Approval of the Bonds.
(1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and, in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §§1.7 and 1.8 of this title. The Department's conduit housing transactions will be processed in accordance with the Texas Bond Review Board rules Title 34, Part 9, Chapter 181, Subchapter A and Chapter 1372, Texas Government Code. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.
(2) 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.~~ The Department encourages use of Alternative Dispute Resolution methods as outlined in §1.17 of this title.

(k) Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

(l) Closing. If there are changes to the Application prior to closing that have an adverse affect on the score and ranking order that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Once all approvals have been obtained and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Any outstanding Housing Trust Fund Pre-Development loans for the proposed Development site must be paid in full at the time the bond transaction is closed. All Applicants are subject to §1.13 of this title. Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment thereof. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§~~33~~35.7 Regulatory and Land Use Restrictions

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the Development is located for each

Development financed from the proceeds of Bonds issued by the Department. For Developments involving new construction, the term of the LURA will be the longer of 30 years, the period of guaranteed affordability or the period for which Bonds are outstanding. For the financing of an existing Development, the term of the LURA will be the longer of the longest period which is economically feasible in accordance with the Act, or the period for which Bonds are outstanding.

(b) Development Occupancy. The LURA will specify occupancy restrictions for each Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who satisfy the specified income requirements. Pursuant to §2306.269, Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner of the Development. Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude Units for managers and maintenance personnel that are reasonably required by the Development.

(c) Set Asides.

(1) Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds must be restricted under one of the following two minimum set-asides:

(A) at least twenty percent (20%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed fifty percent (50%) of the area median income, or

(B) at least forty percent (40%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed sixty percent (60%) of the area median income.

(2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with §1372.0321, Texas Government Code. Units intended to satisfy set-aside requirements must be distributed evenly throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant. (~~These are the~~Required federal set-aside requirements)

(d) Global Income Requirement. All of the Units that are available for occupancy in Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds shall be occupied or held vacant (in the case of new construction) and available for occupancy at all times by persons or families whose income does not exceed one hundred and forty percent (140%) of the area median income for a four-person household.

(e) Qualified 501(c)(3) Bonds. Developments which are financed from the proceeds of Qualified 501(c)(3) Bonds are further subject to the restriction that at least seventy-five percent (75%) of the Units within the Development that are available for occupancy shall be occupied (or, in the case of new construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMFI).

(f) Taxable Bonds. The occupancy requirements for Developments financed from the issuance of taxable Bonds will be negotiated, considered and approved by the Department on a case by case basis.

~~**(g) Special Needs.** At least five percent (5%) of the Units within each Development must be designed to be accessible to Persons with Special Needs and hardware and cabinetry must be stored on site or provided to be installed on an as needed basis in such Units. The Development will comply with accessibility requirements in the Fair Housing Act Design manual. The Development Owner will use its best efforts (including giving preference to Persons with Special Needs) to:~~

~~(1) make at least five percent (5%) of the Units within the Development available for occupancy by Persons with Special Needs;~~

~~(2) make reasonable accommodations for such persons; and~~

~~(3) allow reasonable modifications at the tenant's sole expense pursuant to the Housing Act. During the term of the LURA, the Development Owner shall maintain written policies regarding the Development Owner's outreach and marketing program to Persons with Special Needs.~~

(~~h~~g) Fair Housing. All Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

(~~i~~h) Tenant Services. The LURA will require that the Development Owner offer a variety of services for residents of the Development through a Tenant Services Program Plan which is subject to annual approval by the Department.

(~~j~~i) ~~The LURA will require the Development Owner~~Land Use Restriction Agreement. Requirements as defined in §60 of this title~~:~~.

~~(1) To obtain, complete and maintain on file Tenant Income Certifications from each Eligible Tenant, including:~~

~~(A) a Tenant Income Certification dated immediately prior to the initial occupancy of each new Eligible Tenant in the Development; and~~

~~(B) thereafter, annual Tenant Income Certifications which must be obtained on or before the anniversary of such Eligible Tenant's occupancy of the Unit, and in no event less than once in every 12-month period following each Eligible Tenant's occupancy of a Unit in the Development. For administrative convenience, the Development Owner may establish the first date that a Tenant Income Certification for the Development is received as the annual recertification date for all tenants. The Development Owner will obtain such additional information as may be required in the future by §142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are tax-exempt private activity bonds described in §142(d) of the Code. The Development Owner shall make a diligent and good-faith effort to determine that the income information provided by an applicant in a Tenant Income Certification is accurate by taking steps required under §142(d) of the Code pursuant to provisions of the Housing Act.~~

~~(C) The Development shall comply with Title 10, Part 1, Chapter 60, Subchapter A.~~

~~(2) As part of the verification, such steps may include the following, provided such action meets the requirements of §142(d) of the Code and the gross income of individuals shall be determined in a manner consistent with the determinations of low income families under section 8 of the United States Housing Act of 1937:~~

~~(A) obtain pay stubs sufficient to annualize income;~~

~~(B) obtain third party written verification of income;~~

~~(C) obtain an income verification from the applicant's current employer;~~

~~(D) obtain an income verification from the Social Security Administration; or~~

~~(E) if the applicant is self-employed, unemployed, does not have income tax returns or is otherwise not reasonably able to provide other forms of verification as required above, obtain another form of independent verification as would, in the Development Owner's reasonable commercial judgment, enable the Development Owner to determine the accuracy of the applicant's income information. The Development Owner shall retain all Tenant Income Certifications obtained in compliance with this subsection (b) of this section until the date that is six years after the last Bond is retired.~~

~~(3) To obtain from each tenant in the Development, at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form as provided by the Department to the Development Owner from time to time that~~

~~(A) such lease is subordinate to the Mortgage and the LURA;~~

~~(B) all statements made in the Tenant Income Certification submitted by such tenant are accurate;~~

~~(C) the family income and eligibility requirements of the LURA and the Loan Agreement are substantial and material obligations of tenancy in the Development;~~

~~(D) such tenant will comply promptly with all requests for information with respect to such requirements from the Development Owner, the Trustee and the Department; and~~

~~(E) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;~~

~~(4) To maintain complete and accurate records pertaining to the Low-Income Units and to permit, at all reasonable times during normal business hours and upon reasonable notice, any duly authorized representative of the Department, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect the books and records of the Development Owner pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units;~~

~~(5) On or before each February 15 during the qualified development period, to submit to the Department (to the attention of the Portfolio Management and Compliance Division) a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of §142(d) of the Code and on or before each March 31 during the qualified development period, to submit such completed form to the Secretary of the Treasury and the Department;~~

~~(6) To prepare and submit the compliance monitoring report. To cause to be prepared and submitted to the Department and the Trustee on the first day of the state restrictive period, and thereafter by the tenth calendar day of each March, June, September, and December, or other quarterly schedule as determined by the Department with written notice to the Development Owner, a certified compliance monitoring report and Development Owner's certification in such form as provided by the Departments to the Development Owner from time to time; and~~

~~(7) To provide regular maintenance to keep the Development sanitary, decent and safe.~~

~~(8) To establish a reserve account consistent with the requirements of §2306.186, Texas Government Code.~~

~~(9) To prepare and submit the Housing Sponsor Report to the Department no later than March 1st of each year.~~

§~~33~~35.8 Fees

(a) Application and Issuance Fees. The Applicant is required to submit, at the time of pre-application, the following fees: $1,000 (payable to TDHCA), $1,500 (payable to Vinson & Elkins, the Department's Bond Counsel) and $5,000 (payable to the Texas Bond Review Board (BRB)) These fees cover the costs of pre-application review and filing fees to the BRB. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the Department's expenses in connection with providing financing for a Development, and as required by law. (§1372.006(a), Texas Government Code). At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee. At the closing of the bonds the following fees are required, an issuance fee equal to 5 basis points (0.005) of the issued bond amount, administration fee equal to 2 basis points (0.002) and a compliance fee equal to $40/unit.

(b) Annual Administration, Portfolio Management and Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, portfolio management and compliance with the program requirements applicable to each Development and asset management applicable requirements. The annual compliance fee is paid in advance and is equal to $40/unit beginning two years from the first payment date; the asset management fee is paid in advance and is equal to $25/unit beginning two years from the first payment date; both are adjusted annually for CPI. The annual administration fee is paid in arrears and is equal to 1 basis point (0.001) of the outstanding bond amount beginning three years from the closing date. These fees are paid for a minimum of thirty (30) years or as long as the bonds are out standing.

§~~33~~35.9 Waiver of Rules

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the Rules set forth in §§3~~3~~5.3 through 3~~3~~5.8 of this title relating to the Multifamily Housing Revenue Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; to encourage the acquisition, construction, reconstruction, or rehabilitation of a Development that would provide decent, safe, and sanitary housing, including, but not limited to, providing such housing in economically depressed or blighted areas, or providing housing designed and equipped for Persons with Special Needs; or for other good cause, as determined by the Board.

§~~33~~35.10 No Discrimination

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing herein shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this Chapter.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Request approval of the proposed 2007 Draft Housing Trust Fund Rules to be released for publication in the *Texas Register* and to accept public comment.

Required Action

Approve, or approve with revisions, the proposed 2007 Draft Housing Trust Fund Rules for publication and acceptance of public comment.

Background

Attached are the proposed 2007 Draft Housing Trust Fund Rules. The Department held a roundtable discussion open to the public on July 24, 2006 and has accepted written and verbal input from the public and staff. The document reflects the proposed changes in "black line" version showing the proposed changes to the Housing Trust Fund Rules currently in effect which were last amended by the Board on November 10, 2005. The "black line" version shows new language as underlined and deleted language with a line running through it. Upon approval by the Board, the Draft Rules will be published in the *Texas Register* and released to the public for comment. Public hearings will be held on the proposed Draft Rules, as well as the other rules before the Board at this meeting, from approximately September 26 to October 7, 2006. A final recommendation for this rule will be presented to the Board in November 2006.

The primary changes proposed are made to ensure consistency with other multifamily rules to the extent that Housing Trust Fund will be used for multifamily development and to provide other needed clarification. Listed below is a summary of the more significant changes proposed.

1. **§51.2 – Definitions (Page 1 of 16).** §51.2 adds definitions for Persons with Disabilities, and Received Date. The purpose of these additions is to provide clarity and consistency between program rules and definitions.

2. **§51.4 – Basic Eligible Activities (Page 6 of 16).** This section was updated to include language that allows for the use of HTF funds for the purpose of scrutinizing loan fund investments.

3. **§51.5 – Ineligible Activities and Restrictions. (Page 7 of 16).** The definition of Ineligible Applicant was revised and expanded to include both Applicants and Affiliates of Applicants for the purpose of ineligibility and compliance review.

4. **§51.6 –Application Procedure and Requirements (Page 9 of 16).** This section is revised to reduce the number of days required for Applicants to respond to application deficiencies from seven days to five days for consistency with other Department rules. Additionally, new language is added regarding the processing of applications jointly applying under open and competitive cycles. Applications that are layered with Competitive Housing Tax Credits will follow the process as outlined in §49.9(d) of this title.

5. **§51.7 – Criteria for Funding (Page 13 of 16).** New language was added requiring Applicants to repay Housing Trust Funds Pre-Development loans prior to the closing of development funding from the Department.

Additional minor modifications are made to align the proposed rules with either federal or state statutory language.

Recommendation

Staff recommends the Board approve the Draft 2007 Housing Trust Fund Rules for publication to receive public comment and conduct the consolidated public hearings with other applicable rules and allow staff to make changes to these rules, where applicable, to be consistent with other rules being approved at this Board meeting.

~~2006~~ 2007 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 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, for profit entities, 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. 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**-- Any Person or Affiliate of a Person who ~~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 competition for funding during a defined period when applications may be submitted in response to a NOFA. Applications will be reviewed and scored in accordance with the rules for application review published in the 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 entities, and persons and families of low, very low, and extremely low income.

(9) **Extremely 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. 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**--as defined by §49.3 of this title. ~~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 (42 U.S.C. 3601).~~

(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.

(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.~~

~~(17)~~(16) **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;

(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.

(17) ~~(18)~~ **NOFA--**Notice of Funding Availability, published in the *Texas Register*.

(18) ~~(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. Applications will be reviewed in accordance with the rules for application review published in the NOFA and application guidelines.

(19) **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.

(20) **Person with Special Needs**-

(A) Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

~~(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, pursuant to §2306.511 of the Texas Government Code.

(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.

(22) **Public Agency**--A unit of government created by a ~~branch of~~ National, State or Local Government.

(23) **Public Housing Authority**--A housing authority established under the Texas Local Government Code, Chapter 392.

(24) **Received Date**--The date and time at which an Application is actually received by the Department.

(25) ~~(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.

~~(e) (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.~~

~~(f) (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.~~

(26) ~~(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.

(27) ~~(28)~~ **Rural Development**-- A proposed Development located in an area that is :

(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 New Construction funding by TX-USDA-RHS; or

(D) on a specific Development Site eligible for Rehabilitation funding by TX-USDA-RHS as evidenced by 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.

~~(A) outside the boundaries of a Primary Metropolitan Statistical Area (PMSA) or Metropolitan Statistical Area (MSA); or~~

~~(B) within the boundaries of a PMSA or MSA 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 new construction or rehabilitation funding by TX-USDA-RHS.~~

(28) ~~(29)~~ **State**--The State of Texas.

(29) ~~(30)~~ **Statute**--Texas Government Code chapter 2306.

(30) ~~(30)~~ **Very 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.

§51.3. 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.

(d) Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with § 2306.111(d) and (g), Texas Government Code.

(e) The Department shall require that applicants target at least 50% of those units served by housing trust funds to individuals and families earning less than 60% of median family income.

(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.

§51.4. Basic Eligible Activities.

(a) The department, through the housing finance division, shall use the housing trust fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, for profit entities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. In 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 for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in Section 2306.251(c), the department may also use the fund to acquire property to endow the fund.

(b) Use of the 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; and

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.

~~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.~~

§51.5. Ineligible Activities and Restrictions.

(a) 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, or persons affiliated with the Applicant that have been 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;

(3) Applicants or persons affiliated with the Applicant that are 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;

(4) Applicants or persons affiliated with the Applicant that have unresolved audit findings related to previous or current funding agreements with the Department;

(5) Applicants or persons affiliated with the Applicant that have delinquent loans, fees or other commitments with the Department, until payment is made;

(6) 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;

(7) Refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible;

(8) Applicants who have submitted incomplete Applications;

(9) Applicants or persons affiliated with the Applicant that have been otherwise barred by the Department;

(10) Applicants are subject to §1.13 of this title;

(11) Applicants or persons affiliated with the Applicant that have breached a contract with a public agency; or

(12) The acquisition, rehabilitation, reconstruction or refinancing of affordable rental housing constructed within the past 5 years or previously funded by the Department.

(b) ~~(a)~~Displacement of Existing Affordable Housing. Pursuant to §2306.203(a)(4) of the Texas Government Code, 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. 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.

~~(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) - (3) of this subsection. Section 49.5(b)(6) 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 (emails may be sent and received after 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) 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 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, or their staff, who violate the state revolving door policy, Chapter 572 of the Texas Government Code; or~~

~~(e) Any applicant who would otherwise be considered ineligible under §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.~~

~~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 audit findings related to previous or current funding agreements with the Department; or~~

~~(4)Has breached a contract with a public agency.~~

(d) ~~(f)~~ Material Noncompliance. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applicants, or persons affiliated with an Application, found to have a Development or Contract in Material Noncompliance with the Department, will have their Applications terminated. ~~Applications found to be in Material Noncompliance, will be terminated.~~

(e) ~~(g)~~ Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in Chapter 2306 of the Texas Government Code and any additional items included in the NOFA for rental housing developments.

(f) ~~(h)~~ 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~~ unit restrictions. The minimum number of units shall be 4 units.

§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 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 defined by the NOFA and any Threshold Criteria that may be applicable to the Housing Trust Fund as defined by this rule and 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 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.

(d) ~~(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 five~~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 five~~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 five~~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 five~~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 five ~~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 five ~~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~~ 21 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~~ 21 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 the~~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.

(e) Layered Applications. If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, and only one of the housing finance programs is operated as a competitive cycle, then the Application will be handled in accordance with the competitive cycle guidelines for that program. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, the Application will be handled in accordance with the most restrictive program rules with the approval of the Department's Executive Director.

(f) ~~(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 three ~~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 five ~~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 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 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)~~(g) 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) Board approval for the award of Development activity funds is conditioned upon a completed loan closing and any other conditions deemed necessary by the Department.

~~(g)~~(h) Applications other than Rental Housing Developments will be reviewed and evaluated in accordance with the NOFA for that activity.

~~(h)~~(i) Applicants may appeal staff's decisions regarding their applications consistent with §1.7 of this title.

~~(i)~~(j) Alternative Dispute Resolution Policy. Applicant's may utilize the Department's Alternative Dispute Resolution process as defined by §1.17 of this title. ~~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 10 Texas Administrative Code §1.17.~~

~~(j)~~(k) 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.

§51.7. 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 application is consistent with the requirements established in this rule and the NOFA;

(B) 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 proposal addresses and identifies a housing need. This assessment will be based on statistical data, surveys and other indicators of need as appropriate~~.~~; and

(D) any outstanding Housing Trust Fund Pre-Development loans for the same proposed Development site must be paid in full at the time of loan closing for the current requested funds.

(2) Evaluation Factors. Pursuant to §2306.203(c) of the Texas Government Code, the 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 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;

(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.

§51.8. 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 persons who meet position requirements 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 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 must establish a reserve account consistent with §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 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.

§51.9. 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.

§51.10. 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 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 size and income of the household for each unit occupied by a low, very low, or extremely low-income person or family;

(5) 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.

§51.11. 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.

PORTFOLIO MANAGEMENT AND COMPLIANCE

BOARD ACTION REQUEST
August 30, 2006

Action Item

Draft Compliance Monitoring Rules

Required Action

Approve the repeal of Sections 1.11, 1.13, and 1.14 of the current Administration General Policies and Procedures and approve the amendments of 10 TAC, Chapter 60 in the attached **Compliance Monitoring Rules** for release for public comment.

Background and Recommendations

Attached are the proposed amendments to the Compliance Rules that reflect staff's recommendations for revisions. The document provided reflects the proposed amendments in a "blackline" version showing the proposed changes from the rules adopted in January 2006.

The Department's proposed Rule for monitoring Housing Tax Credit (HTC) properties after the initial compliance period can be found in section 60.7.

Other notable changes include the incorporation of the rules that were found in Sections 1.11, 1.13, and 1.14. These rules concern Compliance Monitoring and logically belong in Chapter 60 and will each be repealed.

Highlights of substantial changes follow:

Proposed §60.2 Definition 11
Reason for Change: This change would delete noncompliance identified by other State Housing Finance Agencies when determining Material Noncompliance. States vary widely in the administration of the Housing Tax Credit program. Another state's assessment of compliance violations is likely inconsistent with TDHCA's Monitoring Rules.

Proposed §60.3(1)(B) and §60.3(2)(A)
Reason for Change: This change would move up the date of the initial inspection and enable the Department to better identify problems in construction and at a time when corrections are less costly.

Deletion of old §60.3(5)
Reason for Change: The change will allow the Department to retain the option to perform construction inspections for USDA-RHS financed developments.

Proposed §60.4
Reason for Change: These Sections incorporate parts of the previous §1.13, which describe the monitoring for Fair Housing conducted by the Department.

Proposed §60.6
Reason for change: These sections incorporate parts of the previous §1.14 which describes the rules HTC and other developments must comply with to demonstrate that their properties are available to Section 8 voucher holders.

Proposed §60.7.
Reason for change: These changes add the "Year 15" Compliance Monitoring Rules for Housing Tax Credit developments. Treasury Regulations do not specify required monitoring rules past the first 15 years of the extended use period and this section outlines how the Department will treat these properties.

Proposed §60.13
Reason for change: This change will add Uniform Physical Condition Standards (UPCS) as the physical inspection standard for all programs monitored by TDHCA. It will provide consistency and set a high standard for property condition.

Proposed §60.18(g)(1) and (5)
Reason for change: Staff is recommending increased uncorrected noncompliance scores for "Household income above limit upon initial occupancy" and "Gross rent exceeds the highest rent allowed under the LURA or other deed restriction" from 3 points uncorrected to 5 points uncorrected. Given the importance of these two issues, more points should be assessed for uncorrected noncompliance.

Upon approval by the Board, notice of the repeal of the current Rule and the proposed Rule will be published in the Texas Register and released to the public for comment and will be included in the Public Hearings in September.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60. COMPLIANCE MONITORING RULES ~~ADMINISTRATION~~
~~SUBCHAPTER A. COMPLIANCE MONITORING~~

§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—the affordability period commences as specified in the Land Use Restriction Agreement (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, 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) 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)

(3~~2~~) Board—the governing board of the Texas Department of Housing and Community Affairs.

(4) Code--the U.S. 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 by the United States Department of the Treasury or the Internal Revenue Service.

(5)~~(3)~~ Department—the Texas Department of Housing and Community Affairs, an official and public agency of the State of Texas pursuant to Chapter 2306, Texas Government Code.

(6)~~(4)~~ Development—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/exurban areas; and~~
~~(C) a proposed qualified low income housing project, as defined by §42(g), 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(s) for federal tax purposes, including a project consisting of multiple buildings that are located on scattered sites and contain only rent-restricted units.~~

(7) Housing sponsor:

(A) an individual, including an individual or family of low and very low income or family of moderate income, joint venture, partnership, limited partnership, trust, firm, corporation, or cooperative that is approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing Development, subject to the regulatory powers of the department and other laws; or

(B) in an economically depressed or blighted area, or in a federally assisted new community located within a home-rule municipality, the term may include an individual or family whose income exceeds the moderate income level if at least 90 percent of the total mortgage amount available under a mortgage revenue bond issue is designed for individuals and families of low income or families of moderate income.

(8) HTC Development—A Development using Housing Tax Credits allocated by the Department.

(9) ~~(5)~~ Low Income Unit—a unit that is intended for occupancy by an income eligible household, as defined by the Department or the Code.

(10) ~~(6)~~ Land Use Restriction Agreement (LURA) —an agreement between the Department and the Development Owner which is a binding covenant 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; the Code~~§42 of the IRC~~; and the requirements of the various programs administered or funded by the Department.

(11) ~~(7)~~ Material Noncompliance:

(A) a Housing Tax Credit ~~HTC~~ D~~d~~evelopment located within the state of Texas will be classified by the Department as being in material noncompliance status if the noncompliance score for such D~~d~~evelopment is equal to or exceeds a threshold of 30 points in accordance with the material noncompliance provisions, methodology, and point system of this title ~~or, if the HTC development is located outside the state of Texas, and noncompliance is reported to the Department that would be equal to or exceed a noncompliance threshold score of 30 points if measured in accordance with the methodology and point system set forth in this subsection~~.

(B) Non 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 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 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.

(C) For all programs, a Development will be in material noncompliance if the noncompliance is stated in §60.18 of this chapter to be material noncompliance.

(12) Non HTC—any Development not utilizing Housing Tax Credits.

(13) ~~(8)~~Unit—any residential rental unit in a D~~d~~evelopment 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.

§60.3. Development Inspections.

The Department~~, through PMC,~~ shall conduct or may contract for 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. Development inspections will be conducted by the Department or by an independent third party inspector acceptable to the Department and will include a construction quality evaluation. (§2306.081, Texas Government Code)

(1) 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.

(B) An initial ~~interim d~~Development inspection to be conducted between 45 to 90 days after the earlier of the submittal or the due date of commencement of substantial construction.~~within two years of the award~~.

(C) A final Development inspection performed at construction completion. Evidence of construction completion must be submitted within thirty days of completion and shall be provided in a format prescribed by the Department.

(2) Development inspection procedures for non-HTC multifamily Developments include:

(A) An initial D~~d~~evelopment inspection to be conducted between 45 to 90 days from issuance of notice to proceed. ~~within two years from award~~.

(B) A final Development inspection performed at construction completion. Evidence of 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) 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 and the inspector is properly credentialed.

(4) Additional inspections may be conducted by the Department or by an independent third party Inspector acceptable to the Department during the construction process, if necessary, based on the level of risk associated with the Development, as determined by the Department ~~Real Estate Analysis Division or PMC~~. The Department~~PMC~~ identifies HTC Developments to be at high risk if inspections identify issues with construction threshold criteria, ~~and~~ Development characteristics identified at application or past performance problems. The Department ~~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) 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.~~

(5) Applicable Laws. An applicant may not receive funds or other assistance from the Department until the Department receives a properly completed certification from the applicant that the housing development is, or will be upon completion of construction, in compliance with the following housing laws:

(A) state and federal fair housing laws, including Chapter 301, Property Code, the Texas Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Section 3601, et seq.), and the Fair Housing Amendments of 1988 (42 U.S.C. Section 3601, et seq.);

(B) the Civil Rights Act of 1964 (42 U.S.C. Section 2000a, et seq.);

(C) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.); and

(D) Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 701, et seq.). (§2306.257)

§60.4. Monitoring During the Affordability Period.

(a) The Department will monitor for 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, the Code,~~§42 of the IRC,~~ §~~142(d) of the 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, the Texas Government Code §2306.001 et. Seq., or ~~and~~ Chapters 51 and 53 of this title.

(b) The Department periodically monitors Developments for compliance with the fair housing requirements specified in Section 60.3(5) of this Chapter. Monitoring may occur during construction or during the affordability period.

(1) The monitoring level for each housing Development is based on the amount of risk of noncompliance with the requirements specified in Section60.3(a)(6) of this Chapter associated with the Development.

(2) The Department shall notify the recipient in writing of an apparent violation of fair housing laws and shall afford the recipient a reasonable amount of time, as determined by the Department, to correct the identified violation, if possible, prior to the imposition of any sanction.

(3) The Department shall notify the Texas Workforce Commission, Civil Rights Division as required in the Texas Government Code §2306.257(d),with a copy to the Development owner in the event:

(A) no response to the Department's notice of apparent violation is received during the response period;

(B) the owner concurs with the Department's assessment and indicates they are unable or unwilling to correct the violation(s); or

(C) the owner and the Department are unable to agree if the identified issue is a violation.

(4) If fair housing violations are identified prior to the issuance of forms 8609 (For HTC Developments) or release of final retainage, no forms 8609 will be issued or retainage will not be released until the violations are corrected to the Department's satisfaction.

(c) Sanctions. The Department may impose one or more of the following sanctions depending on the severity of the violation of a law specified in Section 60.3(6) of this Chapter, and as further described in §60.4(b) and §60.4(c), by a recipient of housing tax credits, housing funds or other assistance from the Department:

(1) termination of assistance,

(2) deobligation of funds, if available, and

(3) a bar on future eligibility for assistance through a housing program administered by the Department. A bar shall be in place for at least one calendar year from the date of imposition by the Department and may not last for more than three calendar years from the date of correction.

§60.6. Section 8 Voucher Holders and Tenant Selection.

(a)The Department will monitor to ensure D~~d~~evelopment owners comply with §2306.269 and §2306.6728, Texas Government Code regarding residents receiving rental assistance under Section 8, United States Housing Act of 1937 (42 U.S.C. §1437F).

(b) Applicability. The policies, standards, and sanctions established by this section apply only to:

(1) multifamily housing Developments that receive the following assistance from the Department on or after January 1, 2002: (§2306.185)

(A) a loan or grant in an amount greater than 33 percent of the market value of the Development on the date the recipient took legal possession of the Development; or

(B) a loan guarantee for a loan in an amount greater than 33 percent of the market value of the Development on the date the recipient took legal title to the Development;

(2) multifamily rental housing Developments that applied for and were awarded housing tax credits after 1992.

(3) housing Developments that benefit from the incentive program under §2306.805 of the Texas Government Code.

(c) Housing sponsors of multifamily rental housing Developments described in subsection (a) of this section are prohibited from:

(1) excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f); and

(2) using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than 2.5 times the individual's or family's share of the total monthly rent payable to the owner of the Development. However, if an individual or family participating in the voucher program is required to pay only minimal rent ($0-$25), a reasonable minimum income, not to exceed $2500 per year, may be required.

(d) To demonstrate compliance with §60.6 of this chapter housing sponsors shall:

(1) State in their leasing criteria that Section 8 voucher or certificate holders are welcome to apply and will be provided the same consideration for occupancy as any other prospective tenant;

(2) State in their leasing criteria that the D~~d~~evelopment will comply with state and federal fair housing and antidiscrimination laws;~~.~~

(3) Apply all other screening criteria, including employment policies or procedures and other leasing criteria (such as rental history, credit history, criminal history, etc.) uniformly and in a manner consistent with the Texas and Federal Fair Housing Acts, program guidelines, and the Department's rules;

(4) Approve and distribute an Affirmative Marketing Plan. The Affirmative Marketing plan must be provided to the property management and onsite staff. Housing Sponsors are encouraged to use HUD form 935.2 or successors as applicable. The Affirmative Marketing Plan must identify methods to market the property to persons with disabilities. Additionally, the Affirmative Marketing plan must be displayed in the leasing office and available to the public on request.

§60.7. Monitoring for ~~of~~ Compliance.

(a) Monitoring after the Compliance Period: Housing Tax Credit properties allocated credit in 1990 and after are required -under the Code (§42(h)(6)) to record an Extended Use Agreement as part of the LURA restricting the property for 30 years. Section 42(i)(1) defines the Compliance Period as the first 15 years of the extended use period. Various sections of the Code specify monitoring rules ~~procedures~~ State Housing Finance Agencies must implement during the Compliance Period.

(b) After the first 15 years of the extended use period, the Department will continue to monitor Housing Tax Credit Developments using the -rules ~~procedures~~ detailed in paragraphs 1- 15 of this subsection.

(1) On site monitoring visits will continue to be conducted approximately every three years, unless the Department determines that a more frequent schedule is necessary;

(2) In general, the Department will review 10% of the low-income files. No less than 5 files and no more than 20 files will be reviewed;

(3) A minimum of five units will be inspected. Additional units may be inspected if warranted by conditions discovered in the initial units inspected;

(4) A physical inspection of each unit shall be conducted by the owner each year using criteria set forth in the Department of Housing and Urban Development's Housing Quality Standards (HQS). Any deficiencies must be corrected and copies of the inspections and verification of repairs shall be maintained in the unit file;

(5) An inspection of all common spaces, grounds, building exteriors and building systems will be performed annually using HUD's HQS. Deficiencies must be corrected and records of the corrections must be maintained for review by Department staff;

(6) Each Development shall submit an annual report in the format prescribed by the Department;

(7) Reports to the Department must be submitted electronically as required in §60.9 of this Chapter;

(8) Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA;

(9) All households must be income qualified upon initial occupancy of any low- income unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing Program or a project based HUD program;

(10) Rents will remain restricted for all low-income units. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit.

(11) Owners and managers must continue to screen households for income, assets and household size on an annual basis. In addition, an Income Certification form must be completed on an annual basis;

(12) All additional income and rent restrictions defined in the LURA remain in effect.

(13) Other requirements defined in the LURA, such as the provision of social services or serving special needs households, will remain in effect unless specifically waived by the Department; and

(14) No tenant may be evicted nor be refused the opportunity to renew a lease except for good cause.

(15) The total number of required low income units must be maintained Development wide.

(c) After the first 15 years of the extended use period, certain requirements will not be monitored as detailed in paragraphs 1-5 of this subsection.

(1) At recertification verification of income and assets will not be required.

(2) The student restrictions found in §42(i)(3)(D). An income qualified household consisting entirely of full time students may occupy a low-income unit;

(3) The requirement to treat transfers from building to building as a new move in. Transfers within the Development will not require household requalification;

(4) The Available Unit Rule found in Treasury Regulation §1.42-15; and

(5) The building applicable fraction found in the Development's Cost Certification and/or the LURA. Low income occupancy requirements will be monitored Development wide, not building by building;

(d) Unless specifically noted in this Section, all requirements of this Chapter 60 and Section 42 of the Internal Revenue Code remain in effect for the Extended Use Period. These Post Year 15 Monitoring Rules ~~Procedures~~ apply only to the Housing Tax Credit Developments administered by the Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

(e) 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, Texas Government Code).

§60.8. Recordkeeping.

All Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the Reporting requirements of §60.9 of this Chapter and any additional programmatic requirements. Records ~~In addition, records including items listed in paragraphs (1) - (12) of this 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 monthly basis until the end of the affordability period. Housing Tax Credit owners should refer to Treasury Regulation 1.42-5 for more information about record keeping requirements.~~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. Reporting.

(a) Each Development shall submit reports as required by the Department. Each Development that receives financial assistance or is administered by the Department, including the FDIC's Affordable Housing Program (AHP), shall submit the information required under this Section which describes the Annual Owner's Compliance Report (AOCR) required by §2306.0724, Texas Government Code. The Department requires this information be submitted electronically and in the format prescribed by the Department. Section 60.10 ~~1.11~~ of this title contains rules ~~procedures~~ regarding filing and penalties for failure to file reports. The first AOCR is due the year following award.

(b)~~(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 AOCR, must be provided to the Department no later than March 1st of each year, reporting data current as of December 31 ~~January 1~~ of the previous year~~each~~ (the 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 AOCR is contained in §60.10 of this chapter.

(c)~~(2)~~ The Department maintains the information reported by the AOCR pursuant to §2306.0724(c), Texas Government Code in electronic and hard-copy formats available at no charge to the public.

(d)~~(3)~~ Rental D~~d~~evelopments funded or administered by the Department, including HOME, Housing Trust Fund (HTF), the FDIC's AHP , and any other rental programs funded or administered by through~~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 section.

(e)~~(4)~~ Developments financed by tax exempt bonds issued by the Department shall report quarterly throughout the Qualified Project Period unless notified by the Department of a change in the reporting frequency.

(f)~~(6)~~ Information regarding housing for persons with disabilities: Owners of state or federally assisted housing D~~d~~evelopments 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 website and will include the following:

(1~~A~~) the name, if any, of the D~~d~~evelopment;

(2~~B~~) the street address of the D~~d~~evelopment;

(3~~C~~) the number of housing units in the ~~d~~Development that are designed for persons with disabilities and that are available for lease;

(4~~D~~) the number of bedrooms in each housing units designed for a person with a disability;

(5~~E~~) the special features that characterize each housing unit's suitability for a person with a disability;

(6~~F~~) the rent for each housing unit designed for a person with a disability; and

(7~~G~~) the telephone number and name of the D~~d~~evelopment manager or agent to whom inquiries by prospective tenants may be made.

(g)~~(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 no later than January 31st of the year following the award. The Department 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 D~~d~~evelopments are required to submit Reports ~~the Unit Status Report~~ online.

(h) Data submitted to the Department by the owner of a Development that contains relevant information pursuant to §2306.072(c)(6) and §2306.0724 of the Texas Government Code shall at a minimum include:

(1) the street address and municipality or county in which the property is located;

(2) the telephone number of the property management or leasing agent;

(3) the total number of units, reported by bedroom size;

(4) the move in and move out date for each residential rental unit in the Development;

(5) the number of occupants in each low income unit;

(6) 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;

(7) the rent for each type of rental unit, reported by bedroom size;

(8) the race or ethnic makeup of the residents of each project;

(9) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

(10) 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, reported as 30, 40, 50, 60 or 80 percent of the area median income;

(11) a statement as to whether the property 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 Civil Rights Division of the Texas Workforce Commission ~~Comission on Human Rights~~, or the United States Department of Justice;

(12) a statement as to whether the Development has any instances of material noncompliance with bond indentures or deed restrictions discovered through the normal monitoring activities that include meeting occupancy requirements or rent restrictions imposed by deed restriction or finance agreements; and

(13) the annual number of low income unit vacancies and information that shows when and to whom available units were rented.

§60.10. Annual Owner's Compliance Report Certification and Review.

(a) On or before February 1st of each year of the Affordability Period ~~affordability period~~, the Department will send a reminder that the Report required by §2306.0724 of the Texas Government Code (to be titled the Annual Owner's Compliance Report--AOCR) must be completed by the Owner and submitted to the Department on or before the applicable deadline. This reminder may be sent via email or by posting on the Department's website. The AOCR shall consist of:

(1) Part A, "Owner's Certification of Program Compliance";

(2) Part B, "Unit Status Report";

(3) Part C, "Tenant Services Provided Report"; and

(4) Part D, "Owner's Financial Certification".

~~(b) Penalties and sanctions are assessed in accordance with §1.11(d) of this title for failure to provide the AOCR in part or entirety, including administrative penalties and denial of future requests for Department funding.~~

(b~~c~~) Any Development for which the 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 form 8823, Low-Income Housing Credit Agencies Report of noncompliance or Building Disposition, any HTC D~~d~~evelopment that fails to comply with this section. The AOCR Part A shall include at a minimum the following statements by the Development Owner:

(1) the Development met the minimum set aside test which was applicable to the Development;

(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);

(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;

(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 §42(g) of the IRC as described in the Compliance Manual(s);

(5) each low income unit in the Development was rent-restricted under the LURA and applicable program regulations, including §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;

(6) all 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 (HTC and BOND only);

(7) no 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;

(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, 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;

(9) each unit has been inspected annually and each unit meets conditions set by HUD Housing Quality Standards (HOME only);

(10) there has been no change in the Eligible Basis (as defined by the Code ~~§42(d) of the IRC~~) for any building in the Development since the last certification or, if change(s), the nature of the change (HTC only);

(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;

(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 the Code ~~§42(d) of the IRC~~ (HTC only);

(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 BOND only);

(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;

(15) a LURA including an Extended Low Income Housing Commitment as described in §42(h)(6) of the Code~~IRC~~ 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~~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);

(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 the Code ~~§42 of the IRC~~ (HTC only);

(17) if the Development Owner is required to be a Qualified Nonprofit Organization under §42(h)(5) of the 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 Code ~~IRC~~ (HTC only);

(18) no low income units in the Development were occupied by ineligible full time student households (HTC and BOND only);

(19) no change in the ownership of the Development has occurred during the reporting period or changes and transfers were or are reported;

(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;

(21) the Development has made all required lender deposits, including annual reserve deposits;

(22) the street address and municipality or county in which the Development is located;

(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 the Code~~§42 of the IRC~~ (HTC and HOME only);

(25) The name and mailing address of the syndicator and lender (HTC only);

(26~~5~~) any additional information as required by the Department.

(c~~d~~) Review. Department staff will review Part A of the AOCR for compliance with the requirements of the appropriate program including ~~§42 of the IRC~~the Code.

(d) Sanctions.

(1) If the report is not received on or before March 1, a notice of noncompliance will be sent to the owner specifying a reasonable amount of time, as determined by the Department, to submit the report prior to the imposition of any sanction.

(2) If the report is not received on or before the corrective action deadline the Department shall:

(A) For all HTC properties, issue form 8823 notifying the Internal Revenue Service of the violation

(B) For all properties, score the noncompliance in accordance with Section 60.18 of this Chapter.

(3) In addition, in accordance with the provisions of §2306.0724 of the Texas Government Code, the Executive Director of the Department may assess and enforce the following sanctions against a housing sponsor who fails to submit the AOCR on or before March 1 of each year. These sanctions will only be assessed for multiple, consistent and/or repeated violations of failure to submit the AOCR by March 1~~-~~of each year.

(A) Impose a late processing fee in an amount equal to $1,000;

(B) Subject the Housing Sponsor to 10 TAC §1.13; or

(C) A HTC Development that three years in a row fails to submit required information to the Department may be reported to the Internal Revenue Service as no longer in compliance and never expected to comply.

§60.11. Record Retention Provisions.

(a) Each Development that is administered by the Department including the FDIC's AHP 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 subsections~~paragraphs~~ (a~~1~~)~~-~~–(d~~4~~) of this section.

(b~~1~~) ~~—~~HTC records, as described in §60.8 of this 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.

(c~~2~~) Retention of records for HOME rental D~~d~~evelopments 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.

(d~~3~~) Housing Trust Fund (HTF) rental D~~d~~evelopments must retain tenant files for at least three years beyond the date the tenant moves from the D~~d~~evelopment. 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.

(e4) 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. Inspection Provision.

(a) 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.

(b~~1~~) The Department will perform on-site inspections and file reviews of each low income Development. The Department will conduct the first review of 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 Affordability Period~~compliance period~~. The Department will monitor a sampling ~~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 D~~d~~evelopment, development amenities, and an interior inspection of a sample of units.

(c~~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.

(d~~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 the Development Owner may notify tenants of the inspection or assemble original tenant records for review.

(e~~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.

(f ~~5~~) Exception: The Department may, at its discretion, enter into a Memorandum of Understanding with the 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. Inspection Standard.

(a) Developments must be maintained to be decent, safe, sanitary and in good repair throughout the affordability period. For all programs, the Department will use HUD's Uniform Physical Condition Standards (UPCS) to determine compliance with property condition. In addition, Developments must comply with all local heath, safety and building codes. The Department may contract with a third party to complete UPCS inspections. HTC Developments that fail to comply with local codes or UPCS must be reported to the IRS.

To determine compliance with property condition standards the Department shall review any local health, safety, or building code violation reports , or notices in the absence of local health, safety and building code violation reports. 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 HUD's Housing Quality Standards or UPCS and may use those standards to determine compliance with property condition standards. Developments must be maintained to be decent, safe, sanitary and in good repair throughout the affordability period. HTC Developments that fail to comply with local codes or UPCS must be reported to the IRS.

(b) The Department will evaluate UPCS reports in the following manner:

(1) A finding of Major Violations will be assessed if:

(A) Any life threatening health, safety, or fire safety hazards are reported on the Notification of Exigent and Fire Safety Hazards Observed form in any building exterior, building system, common area, site, or dwelling unit; or

(B) 25% or more of buildings or dwelling units inspected have the same reported health or safety deficiencies

(2) A finding of Minor Violations will be assessed if:

(A) The same deficiency (not a health or safety deficiency) is listed for 25% or more of the buildings or dwelling units inspected; or

(B) An overall UPCS score of less than 60% (59% or below) is reported.

(3) Findings of both Major and Minor Violations may be assessed if deficiencies reported meet the criteria for both.

(4) Property representatives will have an opportunity to correct deficiencies while the inspector is on site. Such corrected items will not be assessed a finding unless there is a pattern of the same violation (25% or more of dwelling units or buildings inspected with the same deficiency).

(5) Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that the violation has been corrected.

(6) For Developments with no findings of Major or Minor Violations, the review letter will state that the owner is responsible for correcting any items noted in the report. However, the letter will not require the owner to report back that the items have been cured.

§60.17. Utility Allowances.

(a) The Department will monitor to determine if HTC and 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 §1.42-10 of the IRC. ~~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) Properties within the operational area of a municipal housing authority must use the allowance issued by municipal housing authority if they select the PHA method for establishing a utility allowance. (See Local Government Code Chapter 392)

(c) The Department will monitor to determine if HOME and HTF Developments comply with published rent limits, which include an allowance for utilities. Unless otherwise approved by the Department, HOME and 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. Material Noncompliance.

(a) 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.

(b~~1~~) Each D~~d~~evelopment that is funded or administered by the Department will be scored according to the type and number of noncompliance events as it relates to the HTC 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 D~~d~~evelopment no longer actively participates in the program. Unless otherwise specified below, under the HTC program, noncompliance events issued on Form 8823 are assigned point values. For other programs administered by the Department, unless otherwise specified below, noncompliance events identified during on-site monitoring reviews are assigned point values.

(c~~2~~) Uncorrected noncompliance, if applicable to the Development, will carry the maximum number of points until the 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 noncompliance will no longer be included in the Development score three years after the date the noncompliance was reported corrected by the Department.

(1~~A~~) Under the HTC program, 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 noncompliance event. The score for these events will no longer be included in the Development's score.

(2~~B~~)The score in effect on May 1st of the year the HTC program application is submitted, during final application for Developments applying for participation in the BOND 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~~ D~~d~~evelopment disclosed on previous participation forms is in material noncompliance.

(3~~C~~) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, 200~~6~~7.

(4~~D~~) Any corrective action documentation affecting the compliance status score must be received by the Department thirty days prior to the application deadline for HTC applications, ~~date the HTC program Application Round closes,~~ thirty days prior to the submission of Volume I of the application for a BOND Development, or thirty days before the submission of an application for any other program funded or administered by the Department.

(d~~3~~) Events of noncompliance are categorized as either “development events” or “unit/building events”. Development events of noncompliance affect some or all the buildings in the D~~d~~evelopment; however, the D~~d~~evelopment will receive only one score for the event rather than a score for each building. Other types of noncompliance are identified individually by unit. This type of noncompliance will receive the appropriate score for each unit cited with an event. The unit scores and the D~~d~~evelopment scores accumulate towards the total score of the Development. Violations under the HTC program are identified by unit; however, the building is scored rather than the unit and the building will receive the noncompliance score if one or more of the units are in noncompliance.

(e~~4~~) Each type of noncompliance is assigned a point value. The point value for noncompliance is reduced upon correction of the noncompliance. The scoring point system and values are as described in subsections ~~subparagraphs~~ (f~~A~~) and (g~~B~~) of this section ~~paragraph~~. The point system weighs certain types of noncompliance more heavily than others; therefore certain noncompliance events automatically place the D~~d~~evelopment in Material Noncompliance. However, other types of noncompliance by themselves do not warrant the classification of Material Noncompliance. Multiple occurrences of these types of noncompliance events may produce enough points to cause the D~~d~~evelopment to be in Material Noncompliance.

(f~~A~~) Development Noncompliance items are identified in paragraphs ~~clauses~~ (1~~i~~) - (27~~xviii~~) of this subsection subparagraph.

(1) ~~(i)~~ Major property condition violations. The property condition does not meet Uniform Physical Condition Standards as described in Section 60.13 of this chapter or 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 §60.2(a~~7~~)(10) of this chapter. Corrected is 10 points.

(2) ~~(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 §60.2(a~~7~~)(10) of this chapter. Corrected is 10 points.

(3) ~~(iii)~~ Development is not available to general public. The IRS will be notified of HTC D~~d~~evelopments 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.

(4) ~~(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(a ~~7~~)(10) of this chapter. Corrected is 10 points.

(5)~~(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 §60.2(a~~7~~)(10) of this chapter. No correction is possible; no corrected score assigned.

(6) ~~(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(a~~7~~) (10) of this chapter. Corrected is 5 points.

(7)~~(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 §60.2(a ~~7~~)(10) of this chapter. Corrected is 5 points.

(8)~~(viii)~~ Developments awarded HTC 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.

(9) ~~(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)

(10)~~(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.

(11) ~~(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.

(12)~~(xii)~~ The Development failed to provide required supportive services as promised at Application. Uncorrected is 10 points. Corrected is 3 points.

(13) ~~(xiii)~~ The Development failed to provide housing to the elderly as promised at Application. Uncorrected is 10 points. Corrected is 3 points.

(14)~~(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.

~~(xv) 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.~~

(15) ~~(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 only)

~~(xvii) Owner failed to post Fair Housing Logo and/or poster in leasing offices. Uncorrected is 3 points. Corrected is 1 point.~~

(16) ~~(xviii)~~ Failure to submit part or all of the 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) 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.~~

(17) ~~(xx)~~Owner failed to approve and distribute an Affirmative Marketing Plan as required under §60.6 ~~§1.14~~ of this title~~Chapter.~~ Uncorrected is 3 points. Corrected is 1 point.

(18) ~~(xxi)~~ Pattern of minor property condition violations. Development does not meet Uniform Physical Condition Standards as described in Section 60.13 of this chapter or displays a pattern of property violations; however, those violations do not impair essential services and safeguards for tenants. Uncorrected is 10 points. Corrected is 5 points.

(19)~~(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.

(20)~~(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(a)(10) ~~paragraph §60.2(7)~~ of this chapter. Corrected is 10 points.

(21)~~(xxiv)~~ Utility Allowance not calculated properly.
Uncorrected 3 points. Corrected 1 point.

(22)~~(xxv)~~Failure to comply with the Next Available Qualifying Unit Rule. Uncorrected 3 points. Corrected 1 point.

(23)~~(xxvi)~~Owner failed to execute required lease provisions or exclude prohibited lease language. Uncorrected 3 points. Corrected 1 point (All programs except HTC)

(24)~~(xxvii)~~ Failure to provide annual Housing Quality Standards inspection. Uncorrected 10 points. Corrected 3 points. (HOME and post compliance period HTC properties Only)

(25)~~(xxviii)~~Development has failed to establish and maintain a reserve account in accordance with §1.37 of this title. 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 section § 60.2(a)(10) ~~subparagraph §60.2(7)~~ of this chapter. Corrected is 10 points.

(26) Development substantially changed the scope of services as presented at initial application without prior department approval. Uncorrected 4 points. Corrected 0 points.

(27) Change in ownership or General Partner without proper notification to and approval of Department. Uncorrected 4 points, corrected 0 points.

~~(~~g~~B~~) Unit Noncompliance items are identified in ~~clauses~~ paragraphs (1)- (12) of this subsection~~subparagraph.~~

(1) ~~(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 5~~3~~ points. Corrected is 1 point.

(2) ~~(ii)~~ Low-income units occupied by nonqualified full-time students. Uncorrected is 3 points. Corrected is 1 point. (HTC Developments during the Compliance Period and BOND only)

(3) ~~(iii)~~ Low income units used on transient basis. Uncorrected is 3 points. Corrected is 1 point. (HTC and BOND only)

(4) ~~(iv)~~ Household income increased above the re-certification limit and an available Unit was rented to a market tenant. (HTC Developments during the Compliance Period) Uncorrected is 3 points. Corrected is 1 point.

(5) ~~(v)~~ Gross rent exceeds the highest rent allowed under the LURA or other deed restriction. Uncorrected is 5~~3~~ points. Corrected is 1 point.

(6)~~(vi)~~ Failure to maintain or provide tenant income certification and documentation. Uncorrected is 3 points. Corrected is 1 point.

(7) ~~(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.

(8) ~~(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.

(9) ~~(ix)~~ Unit not available for rent. Unit is used for nonresidential purposes excluding unavailable Units due to casualty and manager-occupied Units. Uncorrected is 3 points. Corrected is 1 point.

(10) ~~(x)~~ Qualifying unit designation removed from household. Uncorrected is 3 points. Corrected is 1 point. (FDIC's AHP only)

(11) ~~(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)

(12) Household income increased above 80% at recertification and owner failed to properly determine rent. (HOME only) Uncorrected 3 points. Corrected 1 point.

~~Texas Administrative Code~~

~~TITLE 10~~	~~COMMUNITY DEVELOPMENT~~
~~PART 1~~	~~TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS~~
~~CHAPTER 1~~	~~ADMINISTRATION~~
~~SUBCHAPTER A~~	~~GENERAL POLICIES AND PROCEDURES~~
~~RULE §1.11~~	~~**Fair Housing Sponsor Report**~~

~~(a) Purpose. The purpose of this section is to establish procedures for filing the Fair Housing Sponsor report with the Texas Department of Housing and Community Affairs (the "Department"), pursuant to §2306.0724 of the Texas Government Code (the "Code").~~

~~(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.~~

~~(1) Fair Housing Sponsor Report--Data submitted to the Department by the owner of a housing development with 20 or more living units that contains relevant information pursuant to §2306.072(c)(6) of the Code including:~~

~~(A) the street address and municipality or county in which the property is located;~~

~~(B) the telephone number of the property management or 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;~~

~~(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 property 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 States 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 through the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restriction or finance agreements.~~

~~(2) Department--The Texas Department of Housing and Community Affairs.~~

~~(3) Financial assistance--Multifamily and single family rental developments that receive financial assistance or administration from the Department including loans, grants, bonds or tax credits.~~

~~(4) Property--A housing development that received financial assistance from the Department.~~

~~(5) Reporting Year--The 12 month period in which the submission of the Fair Housing Sponsor Report is due.~~

~~(c) Procedures. The Department shall require the owner of each housing development that~~

~~receives financial assistance and that contains 20 or more living units to submit an annual fair housing sponsor report in a department-approved format, available electronically on the Department's website at www.tdhca.state.tx.us, or by hard copy if electronic means are not available to an owner.~~

~~(1) Hard copies of the forms are available upon request by phone or mail.~~

~~(2) The Department shall maintain the reports in electronic and hard copy formats readily available to the public at no cost.~~

~~(3) The report shall use data collected for the previous year current as of and including December 31 of that year, and must be submitted to the Department no later than March 1 of the Reporting Year. The data must be postmarked on or before March 1, or the following business day if March 1st falls on a Sunday or legal holiday. The Department will compile and maintain a list of owners failing to report timely. The Department, not later than March 31st of each year, will mail a late or missing report notification to owners.~~

~~(d) Sanctions. In accordance with the provisions of §2306.0724 of the Code, the Executive Director of the Texas Department of Housing and Community Affairs may access and enforce penalties and sanctions against a person who fails to submit the Fair Housing Sponsor Report on or before March 1 of each year.~~

~~(1) Effective January 1, 2003, the Executive Director may:~~

~~(A) Issue to the person a written reprimand that specifies the violation;~~

~~(B) Assess an administrative penalty in an amount equal to $1,000 for each violation in lieu of, or in addition to, any other sanction; and~~

~~(C) Deny future requests for departmental funding or other assistance.~~

~~(2) Denial of future requests for departmental funding may be assessed only for multiple, consistent and/or repeated violations of failure to submit the annual Fair Housing Sponsor Report by March 1 of each year. For first-time violations, the Department will issue a written reprimand.~~

~~(3) If, after investigation of a possible violation and the facts surrounding the possible violation, the Executive Director determines that a violation has occurred, the Executive Director shall issue a written notice or reprimand of violations not later than the 14th day after the date on which the notice of late or missing report was issued to owner. A written notice or reprimand of violations shall specify in detail the late or missing report and shall include any of the following:~~

~~(A) recommendation that the owner charged be barred from any future requests for departmental funding and assistance;~~

~~(B) recommendation that an administrative penalty under this section be imposed on the owner charged and indication of the penalty amount; or~~

~~(C) recommendation that no penalty be assessed if this is the owner's first violation.~~

~~(4) Not later than the 20th day after the date on which the notice or reprimand is received, the owner charged may accept the determination of the Executive Director made under this subsection, including the recommended penalty, or make a written request for a hearing on the determination.~~

~~(5) If the owner charged with the violation accepts the determination of the Executive Director, the Executive Director shall issue an order approving the determination and ordering that the owner pay the recommended penalty.~~

~~(6) If the owner charged requests a hearing, the Executive Director shall set a hearing and give written notice of the hearing to the owner. The respondent in an administrative hearing shall be entitled to due process and a hearing under the provisions of Code, Chapter 2001 and Chapter 2306. The respondent and the director may enter into a compromise settlement agreement in any~~

~~contested matter prior to signing of the final order.~~

~~(7) Not later than the 30th day after the date on which the order was issued and/or the decision is final, the owner charged shall:~~

~~(A) pay the penalty in full; or~~

~~(B) file a petition for judicial review contesting the fact of the violation.~~

~~(8) If the owner charged does not pay the penalty and does not pursue judicial review, the Executive Director or the attorney general may bring an action for the collection of the penalty.~~

~~(9) An owner that has been denied departmental funding or other assistance for failure to submit the fair housing sponsor report timely may be removed from the denial list after reporting timely for at least two consecutive Reporting Years.~~

~~Texas Administrative Code~~

~~**TITLE 10**~~	~~COMMUNITY DEVELOPMENT~~
~~**PART 1**~~	~~TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS~~
~~**CHAPTER 1**~~	~~ADMINISTRATION~~
~~**SUBCHAPTER A**~~	~~GENERAL POLICIES AND PROCEDURES~~
~~**RULE §1.13**~~	~~**Applicant Compliance with State and Federal Laws Prohibiting Discrimination**~~

~~(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.~~

~~(1) Applicant--A person who submits, or is preparing to submit, to the Department an application for housing funds or other housing assistance from the Department.~~

~~(2) Application--The written request for Department housing program funds or other assistance in the format required by the Department including any exhibits or other supporting material.~~

~~(3) Board--The board of directors of the Texas Department of Housing and Community Affairs.~~

~~(4) Department--The Texas Department of Housing and Community Affairs.~~

~~(5) Executive Director--The executive director of the Department.~~

~~(6) Housing development--means property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the department and that is financed under the provisions of this chapter for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by individuals and families of low and very low income and families of moderate income in need of housing. The term includes:~~

~~(A) buildings, structures, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, including streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the department determines to be necessary, convenient, or desirable appurtenances; and~~

~~(B) single and multifamily dwellings in rural and urban areas.~~

~~(7) Recipient--The individual or entity that has received funds or other assistance from the Department pursuant to its application.~~

~~(b) Applicable Laws. An applicant may not receive funds or other assistance from the Department until the Department receives a properly completed certification from the applicant that it is in compliance with the following housing laws:~~

~~(1) state and federal fair housing laws, including Chapter 301, the Property Code, the Texas Fair Housing Act, Title IV of the Civil Rights Act of 1968 (42 U.S.C. Section 3601, et seq.), and the Fair Housing Amendments of 1988 (42 U.S.C. Section 3601, et seq.);~~

~~(2) the Civil Rights Act of 1964 (42 U.S.C. Section 2000a, et seq.);~~

~~(3) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.); and~~

~~(4) the Rehabilitation Act of 1973 (29 U.S.C. Section 701, et seq.).~~

~~(c) Monitoring. The Department periodically monitors for compliance with the requirements~~

~~specified in subsection (b) of this section during the construction phase of a housing development that has received funds or other assistance from the Department. The monitoring level for each housing development is based on the amount of risk of noncompliance with the requirements specified in subsection (b) of this section associated with the housing development. The Department shall notify the recipient in writing of an apparent violation and shall afford the recipient a reasonable amount of time, as determined by the Department, to correct the identified violation, if possible, prior to the imposition of a sanction. The Department shall notify the Texas Commission on Human Rights at the same time notification is sent to the recipient.~~

~~(d) Sanctions. The Department may impose one or more of the following sanctions depending on the severity of the violation of a law specified in subsection (b) of this section by a recipient of housing funds or other assistance from the Department:~~

~~(1) a reprimand posted on the Department's website,~~

~~(2) termination of assistance, or~~

~~(3) a bar on future eligibility for assistance through a housing program administered by the Department. A bar shall be in place for at least one calendar year from the date of imposition by the Department and may not last for more than ten calendar years from the date of imposition.~~

~~Texas Administrative Code~~

~~TITLE 10~~	~~COMMUNITY DEVELOPMENT~~
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~~CHAPTER 1~~	~~ADMINISTRATION~~
~~SUBCHAPTER A~~	~~GENERAL POLICIES AND PROCEDURES~~
~~RULE §1.14~~	**~~Housing Sponsor: Tenant and Management Selection~~**

~~(a) Purpose. The purpose of this section is to set standards for tenant and management selection by a housing sponsor and to prohibit a housing development funded or administered by the Department, including a development supported with a housing tax credit allocation, from:~~

~~(1) excluding an individual or family from admission to the development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42U.S.C. Section 1437f); and~~

~~(2) using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than 2.5 times the individual or family's share of the total monthly rent payable to the owner of the development.~~

~~(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.~~

~~(1) Department--The Texas Department of Housing and Community Affairs.~~

~~(2) Housing development--Property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department and that is financed under the provisions of Chapter 2306 of the 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:~~

~~(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 nonhousing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances; and~~

~~(B) multifamily dwellings in rural and urban areas.~~

~~(3) Housing sponsor--means:~~

~~(A) an individual, including an individual or family of low and very low income or family of moderate income, joint venture, partnership, limited partnership, trust, firm, corporation, or cooperative that is approved by the department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, subject to the regulatory powers of the department and other laws; or~~

~~(B) in an economically depressed or blighted area, or in a federally assisted new community located within a home-rule municipality, the term may include an individual or family whose income exceeds the moderate income level if at least 90 percent of the total mortgage amount~~

~~available under a mortgage revenue bond issue is designed for individuals and families of low income or families of moderate income.~~

~~(4) Management plan--A written plan clearly stating the following objectives:~~

~~(A) prospective applicants who hold Section 8 vouchers or certificates are welcome to apply and will be provided the same consideration for occupancy as any other prospective tenant;~~

~~(B) any minimum income requirements for Section 8 voucher and certificate holders will only be applied to the portion of the rent the prospective tenant would pay, provided, however, that if Section 8 pays 100% of the rent for the unit, the housing sponsor may establish other reasonable minimum income requirements to establish other reasonable minimum income requirements to ensure that the tenant has the financial resources to meet daily living expenses. Minimum income requirements for Section 8 voucher and certificate holders will not exceed 2.5 times the portion of rent the tenant pays; and~~

~~(C) all other screening criteria, including employment policies or procedures and other leasing criteria (such as rental history, credit history, criminal history, etc.) must be applied to prospective tenants uniformly and in a manner consistent with the Texas and Federal Fair Housing Acts and with Department requirements.~~

~~(5) Non-compliance score--The scoring and methodology used to determine the compliance status of applicants applying for Departmental funding.~~

~~(c) Applicability. The policies, standards, and sanctions established by these rules apply only to:~~

~~(1) multifamily housing developments that receive the following assistance from the Department on or after January 1, 2002:~~

~~(A) a loan or grant in an amount greater than 33 percent of the market value of the development on the date the recipient took legal possession of the development; or~~

~~(B) a loan guarantee for a loan in an amount greater than 33 percent of the market value of the development on the date the recipient took legal title to the development; or~~

~~(2) multifamily rental housing developments funded or administered by the Department as low income tax credit property whose application for an allocation of low income housing tax credits for that housing development is received by the Department on or after August 10, 1993.~~

~~(3) A housing development that benefits from the incentive program under §2306.805 of the Texas Government Code is subject to the policies, standards, and sanctions established by these rules.~~

~~(d) Procedures. The following procedures apply to the selection of tenants and management by all housing sponsors.~~

~~(1) Tenants must be income eligible under the rules and regulations of the program or activity funded.~~

~~(2) Housing Sponsors must apply all other screening criteria, including employment policies or procedures and other leasing criteria (such as rental history, credit history, criminal history, etc.) uniformly and in a manner consistent with the Texas and Federal Fair Housing Acts, program guidelines, and the Department rules.~~

~~(3) Income determination must be made in a manner consistent with Section 8, of the United States Housing Act of 1937 (42 U.S.C. Section 1437f) and the guidelines established in Handbook 4350.3, as amended and promulgated by the U. S. Department of Housing and Urban Development (HUD).~~

~~(4) The Housing Sponsor shall not exclude an individual or family from admission to the development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).~~

~~(5) The Housing Sponsor shall not use a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income that exceeds 2.5 times the individual or family's share of the total monthly rent payable to the owner of the development.~~

~~(6) The Housing Sponsor must maintain a written management plan that is available for review upon request and states the intention of the development owner to comply with state and federal fair housing and antidiscrimination laws.~~

~~(7) The Housing Sponsor must ensure that management posts Fair Housing logos and a Fair Housing poster in the leasing office.~~

~~(8) The Housing Sponsor must approve and distribute a written affirmative marketing plan to the property management and on-site staff.~~

~~(9) The department shall require a land use restriction agreement providing for enforcement of the restrictions by the department, tenants of the development, or by a private party that includes the right to recover reasonable attorney's fees if the party seeking enforcements of the restrictions is successful.~~

~~(10) The Housing Sponsor must communicate annually during the first quarter of each year with the administrator of each Section 8 program, which has jurisdiction within the geographic area where the development is located. Such communication will include information on the unit characteristics and rents, will advise the administrating agency that the property accepts Section 8 vouchers and certificates, and will treat referrals in a fair and equal manner. Copies of such correspondence must be available during on-site reviews conducted by the Department.~~

~~(11) A prospective tenant participating in the voucher program shall report to the administrator of the Section 8 program that provided the certificate or voucher an exclusion from admission to a housing development based on a financial or minimum income standard requiring the tenant to have a monthly income of more than 2.5 times the tenant or tenant's family share of the total monthly rent payable to the owner of the development. The administrator shall promptly report such exclusion to the Department.~~

~~(e) Sanctions. A Housing Sponsor of a multifamily rental housing development that fails to comply with the procedures pursuant to subsection (d) of this section is subject to the following sanctions:~~

~~(1) Failure to lease to a prospective tenant due to the applicant's status as a recipient of a federal rental assistance voucher or certificate will result in a material non-compliance score, and~~

~~(2) A complaint of exclusion from admission as described in subsection (d)(11) of this section, that has been verified by the Department, shall result in a non-compliance score for a period of one year from the date of the Department's verification of the complaint.~~

~~(f) These rules, policies, standards, and sanctions are enforceable by the Department, tenants of the development, or by private parties against the initial owner or any subsequent owners.~~

Division of Policy and Public Affairs

BOARD ACTION REQUEST

August 30, 2006

Action Items

2007 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)

Required Action

Release for public comment of the *2007 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)*

Background

The Texas Department of Housing and Community Affairs is required to submit the *State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) annually to the governor, lieutenant governor, speaker of the house, and legislative oversight committee members not later than 30 days after the TDHCA board receives the final Plan. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on 2006 performance during the preceding fiscal year (September 1, 2005, through August 31, 2006). The document currently up for consideration is the *2007 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment).*

The Plan will be made available for public comment from September 13, 2006, through October 12, 2006. Comment will be accepted in writing directly to TDHCA or at 13 Consolidated hearings to be held across the state.

Summary of Significant Changes from 2*006 State of Texas Low Income Housing Plan and Annual Report*

- Removal of 2005 performance information in the draft Annual Report section. Because the fiscal year ends on August 31, 2006, and the program areas do not have their FY 2006 performance data compiled in time for the release of this draft, 2006 performance data is included in the final version of the document. (pp. 6, 7, 8, 10, 14, 15)
- Incorporation of 2006 Community Needs Survey data in Housing Analysis section. (pp. 28, 34, 38, 42, 46, 50, 54, 58, 61, 66, 70, 74, 78, 82)
- Addition on Hurricane Rita disaster damage data in the Housing Analysis section. (pp. 45, 49, 53)

- Addition of CDBG disaster recovery funding under "coordination with state agencies" section and ORCA (p. 98)
- MF Bond: Deletion of TDHCA-designated strategy 9.2: "Dedicate no less than 5 percent of the MFB Program units for persons with special needs. (pp. 109, 151)
- HOME Program: Removal of the restriction that activities funded in participating jurisdictions under the 5 percent persons with disabilities allowance be multifamily developments only. (pp. 111, 124)
- HTC Program: Removal of scoring points for developments proposing rehabilitation and for which some of the financing includes HOPE VI or HUD capital grant funds. (p. 115)
- Addition of "Disaster Initiatives" under the "Policy Priorities" section. (p. 120)
- HOME Program: Removal of HOYO direct award of $500,000 and creation of Persons with Disabilities Single Family Allocation. (pp. 126)
- HOME Program: Reduction of single family homebuyer assistance allocation from 20 percent to 10 percent. (pp. 124, 128)
- HOME Program: Addition of biennial funding language using FY 2007 funds. (p. 127)
- Deletion of the Affordable Housing Needs Score in the "Allocation Plans" section, as this is a program scoring component and not an allocation plan. (p. 144)
- Revision of the 2006-2007 Colonia Action Plan. (p. 157)

Recommendation

Approval of the draft document.

2007 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT
(DRAFT FOR PUBLIC COMMENT)

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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.

The TDHCA Governing Board and staff are committed to meeting the challenges presented by examining the housing needs and presenting a broad spectrum of housing and community affairs programs based on the input of thousands of Texans. 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.

The Department is primarily a pass-through funding agency that collects funds from federal and state programs to use the combination of resources efficiently. To further the goal of providing a decent, safe, and affordable living environment for families who need assistance, the Department uses a series of competitive programs that focus on obtaining the public policy goals. This distribution if done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive Request for Proposals (RFP) and Notice of Funding Availability (NOFA) processes.
- First time homebuyer and down payment assistance is allocated through a network of participating lenders.
- Community Affairs’ funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

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. Recognizing that all the need may not ever be met, the Department looks at where the federal programs and state resources at its disposal could provide the most benefit by managing these limited resources to have the greatest impact.

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 Investment Partnerships Program (HOME)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans or grants for rental housing development, predevelopment, and other industry innovations	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to develop or preserve affordable rental housing	<60% AMFI
Rental Assistance	HOME Program	Loans or 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 Program	Loans or grants for entities to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for Community Housing Development Organizations (CHDOs) to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<60% AMFI
	HOME Program	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	HOME Program	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% 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
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers	<115% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (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 (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition (CFNP)	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manufactured Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

2007 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2007 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 2006, 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 revised 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 section outlines TSAHC's plans and programs for 2006, and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation and a glossary of selected terms

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of separate publications in order to fulfill requirements. This allows the requester to receive specific information in a format that is easier to use and cost-effective for both TDHCA and interested parties through lower printing and distribution costs. TDHCA produces the following publications in compliance with §2306.072–2306.0724 of the Texas Government Code:

- *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
- *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 the Financial Administration Division. For copies of these reports, visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal 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 diversity of serviced delivered to households
- TDHCA's progress in meeting its housing and community services goals

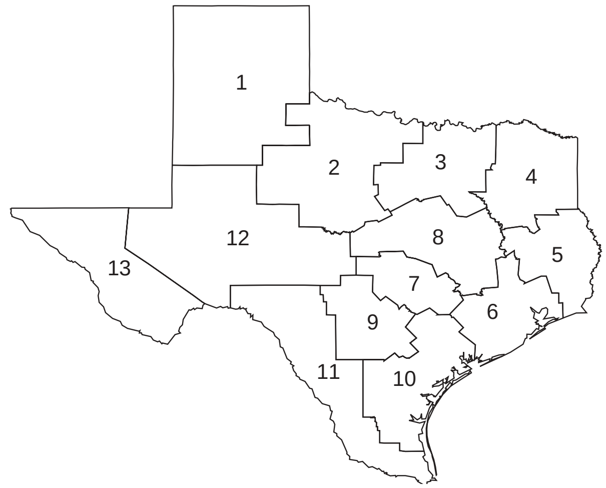


Figure 2.1 State Service Regions

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.

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 activity subcategories is provided.

- Renter
  - New Construction activities support multifamily development, such as the funding of developments, capacity building, and predevelopment funding.
  - Rehabilitation Construction activities support the acquisition, rehabilitation, and preservation of multifamily units.
  - Tenant Based Assistance is direct rental payment assistance.
- Owner
  - 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 helps households purchase a home, through such activities 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 supportive services, energy assistance, and homeless assistance activities.

FY 2006 information will be included in the final version of the document.

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

- 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)

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 VLI category.

FY 2006 information will be included in the final version of the document.

RACIAL COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Using 2000 US Census data, TDHCA has delineated the racial composition of the population into four categories: White, Hispanic, Black, and Other. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Please note that the population racial composition charts examine individuals, while the many program racial composition charts examine households.

Information is included for Multifamily Programs, HOME Program single family activities, Single Family Bond, Housing Trust Fund single family activities, and Section 8. The Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program allocate funding to several entities with service areas that span across two or more regions, so, racial data for these programs is reported by entity. Office of Colonia Initiatives programs are reported under the funding source: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed and Texas Bootstrap Loan Program loans, and the Housing Trust Fund for Texas Bootstrap loans. No racial data is reported for the Community Food and Nutrition Program.

FY 2006 information will be included in the final version of the document.

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:

1: INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

2: PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

3: IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

4: ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

5: PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.

6: TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

7: TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

8: 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

9: 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 2006 goals and strategies is provided in Section 4: Action Plan.

STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2006 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG, and CFNP because figures are not available at the regional level. Additionally, Office of Colonia Initiatives program figures are reported with the funding source, e.g., most contract for deed conversions are reported under HOME Program homebuyer assistance.

FY 2006 information will be included in the final version of the document.

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally, and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, TDHCA staff reach out to interested parties informational workshops and conferences across the state to share information about 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 Department's Division of Policy and Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- 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, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv email service, where subscribed individuals and entities can receive email updated on TDHCA information, announcements, and trainings.
- 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 at least one hearing per Uniform State Service Region that will cover all TDHCA programs, and an additional Board hearing is held with the consolidated hearings so that citizens may provide comment directly to the Board members. Staff is available at each regional 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. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

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.

For information on the citizen participation process for the *2007 State of Texas Low Income Housing Plan and Annual Report*, please see Section 5: Public Participation.

HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual 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 extensive 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 information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to encourage the development and preservation of affordable rental housing. The Internal Revenue Code authorizes a state HTC volume cap based on a per capita amount of the state population. Tax credits are also awarded independently of the volume cap to developments with tax-exempt bond financing. These two credit types are typically referred to as the 9% and 4% HTCs, respectively. Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9 % HTCs to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

FY 2006 information will be included in the final version of the document.

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 housing tax credits within a place or county. The specific requirement as stated in §2306.6703. Ineligibility for consideration is that an application will be ineligible if:

> *"(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."*

FY 2006 information will be included in the final version of the document.

SECTION 3: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each 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.
- Reliable 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] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

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, this report uses "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 March 2006, TDHCA conducted the 2006 State of Texas Community Needs Survey. This survey was designed to obtain 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.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 8, 2006).

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 2000 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] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf (accessed May 17, 2006).

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 ninth 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. 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.

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]

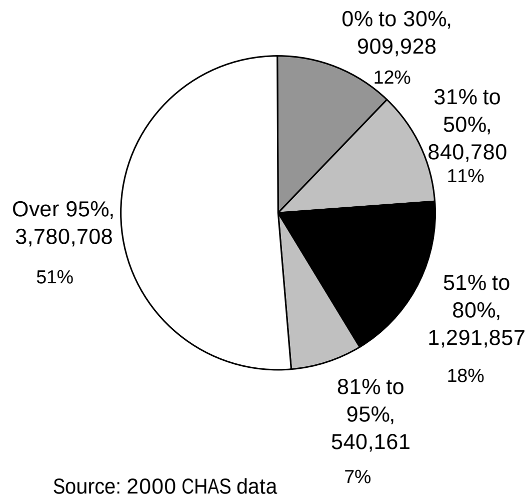
The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research.

[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[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] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas*.

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. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state's households is TDHCA's primary focus.

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. Figure 3.3 demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

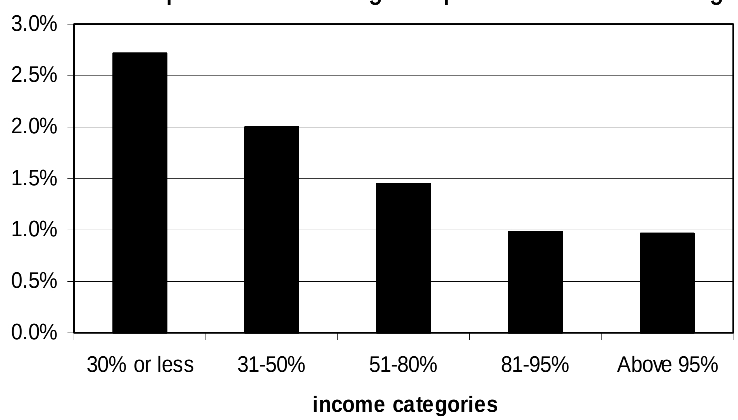
Figure 3.3: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	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 data

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.

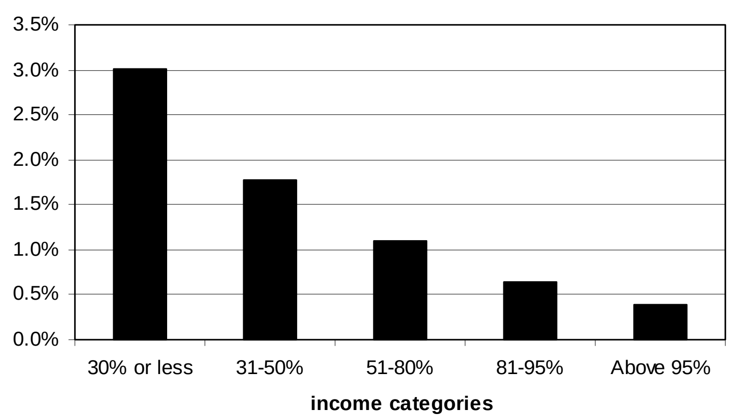
Figure 3.4: Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



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

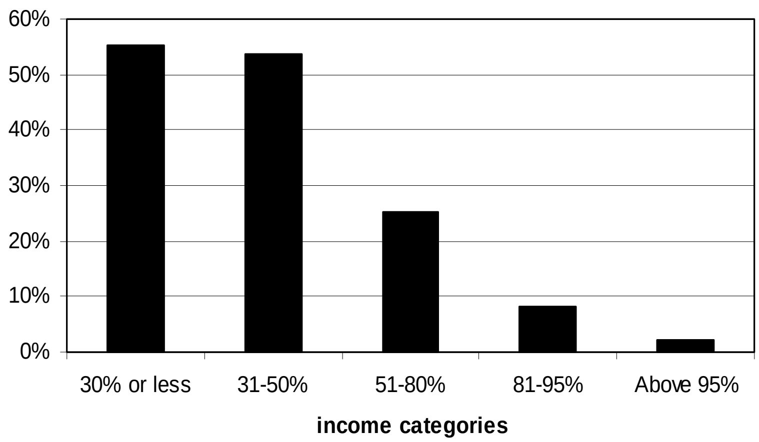


Source: 2000 CHAS data

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. 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.

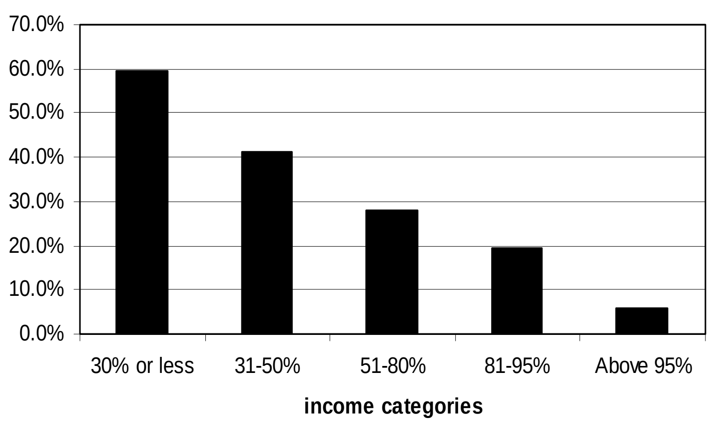
Figure 3.6: Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



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 owner income category and an owner household's likelihood of experiencing this problem.

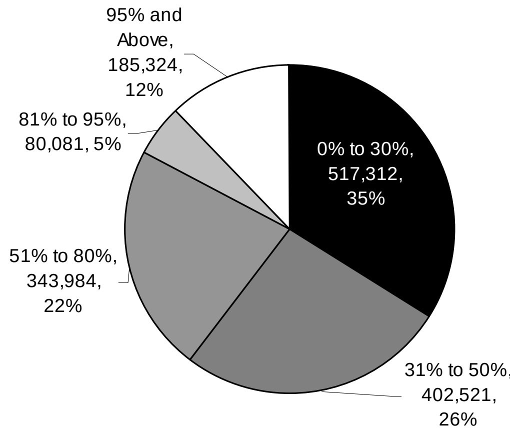
Figure 3.7: Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

Figure 3.8 shows the total number and percentage of households with excess housing cost burden by income group.

Figure 3.8: Excess Housing Cost Burden by Income Group, 2000



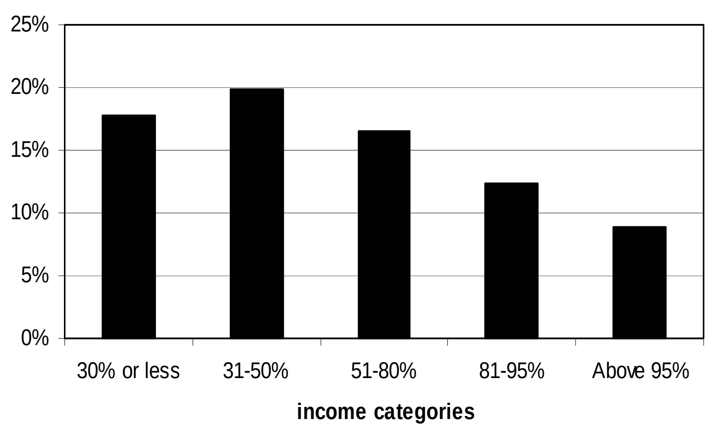
Source: 2000 CHAS Data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. 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.

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 3.09: Renter Households with Incidence of Overcrowding by percent

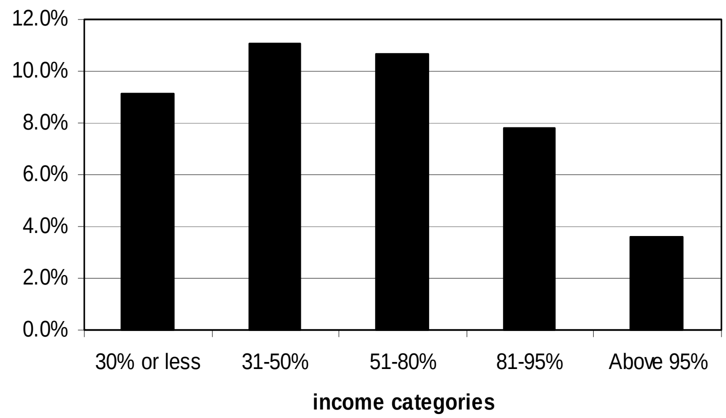


Source: 2000 CHAS data

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.

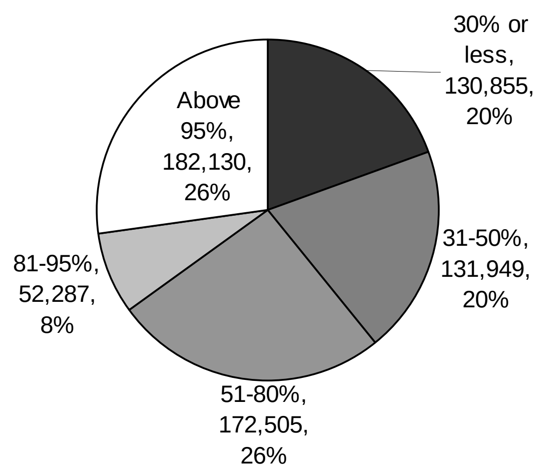
Figure 3.10: Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Figure 3.11 shows the total incidence of overcrowded households by income group.

Figure 3.11: Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

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. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, non-low income households often limit the supply of affordable housing units available to low income households.

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.

State of Texas Community Needs Survey

Beginning in March 2006 and ending May 2006, the Department conducted an online 2006 CNS to examine housing and community service needs at the local level. The survey contained 18 questions regarding housing, community affairs, and community development needs and was distributed to state representatives, state senators, mayors , county judges , city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies—a total of 2,529 individuals an entities. There was a 17.2 percent response rate for the survey.

Analysis of the 2006 CNS demonstrates a strong need for housing and energy assistance. Of those respondents ranking their community's need for general assistance, approximately 31 percent indicated that housing assistance (including down payment assistance, home repair, and rental payment assistance) was their first or second priority need. Approximately 28 percent of question respondents ranked energy assistance activities as their first or second priority need. Approximately 18 percent of respondents indicated that the development of apartments was the priority needs, 15 percent chose capacity building assistance, and 7 percent chose homeless assistance.

A significant 49 percent indicated that home repair assistance was the greatest need when compared to home purchase assistance and rental payment assistance. Only 8 percent stated that there was a minimal need for these housing activities in their communities. Regarding rental development activities, 35 percent indicated that their community's greatest need was the construction of new rental units, while approximately 33 percent indicated that both rental construction and rehabilitation activities were the same priority. Only 13 percent identified rehabilitation of existing units as their priority need, which is the same percentage of respondents who stated that there was a minimal need for rental development in their areas.

When considering energy assistance activities, 43 percent indicated that utility payment assistance was the greatest need followed by weatherization and minor home repairs. For homeless assistance activities, a majority 48 percent indicated that there was a minimal need for this type of assistance in their communities and 16 percent did not have an opinion on the subject. Of respondents indicated a needed activity, homeless prevention services received the highest response with 12 percent indicating that it was their priority need.

The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2006 State of Texas Community Needs Survey*, will be available from the Division of Policy and Public Affairs towards the end of 2006.

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 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.

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

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA; the US Department of Housing and Urban Development (HUD); public housing authorities (PHAs); Section 8 Housing Choice Vouchers; the United States Department of Agriculture (USDA); and local housing finance corporations (HFCs), which includes the Texas State Affordable Housing Corporation. Please note that because some developments layer funding from multiple sources, there may be double counting.

TDHCA data includes multifamily developments awarded up until the end of FY 2005, so all units included in the total have not yet been built. Additionally, the TDHCA unit total only includes those units that have income restrictions, and does not include market-rate units that are available in some developments. TDHCA unit information will be updated in the final version of this document to include FY 2006 awards.
HUD unit data was obtained from HUD’s March 2003 report, “Multifamily Inventory of Units for the Elderly and Persons and Disabilities,” available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though this report specifically references units available to the elderly and persons with disabilities, the report also appears to contain information on family properties. Please note, however, that this may not be a current inventory of all HUD units, and that there may be double counting with units financed through other programs, including public housing. The total assisted units in each property are included.

Information on PHA units and Section 8 Housing Choice Vouchers were obtained directly from HUD staff by TDHCA in October 2005. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was also obtained directly from USDA staff in October 2005. These figures will be updated with the most recent information in the final version of this document.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2005, and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total. 2006 HFC unit information will be included in the final version of this document.

Figure 3.14: State Assisted Multifamily Units

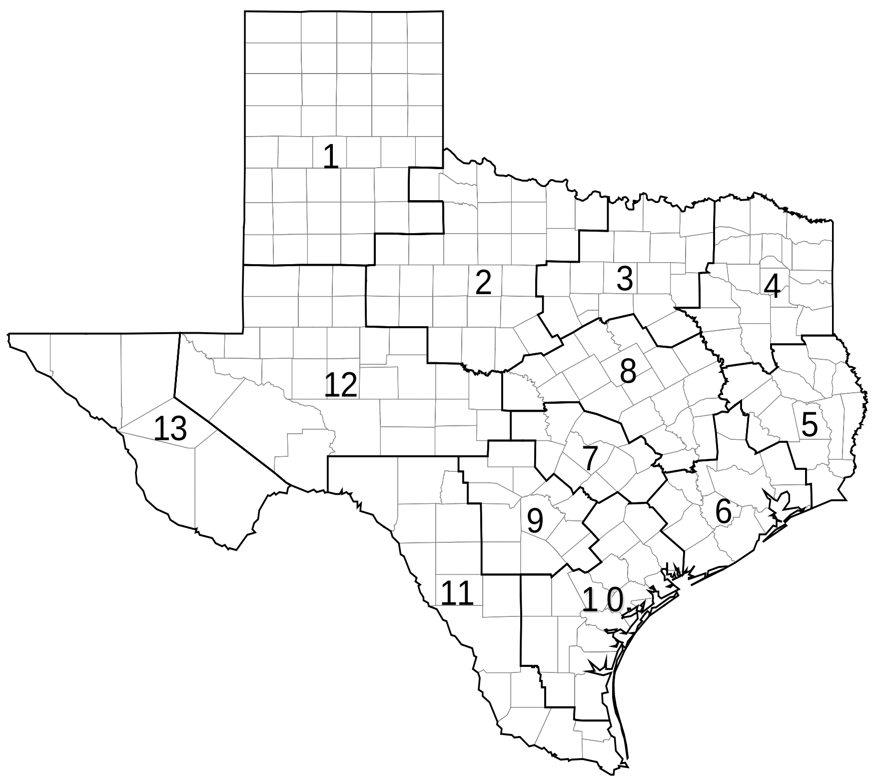
	State Total	Percent of State Inventory
TDHCA Units	170,766	38.1 %
HUD Units	57,372	12.8%
PHA Units	59,431	13.3%
Section 8 Vouchers	133,944	29.9%
USDA Units	26,183	5.8%
HFC Units*	93,176	N/A
Total	447,696	100%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

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 3.15: 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.

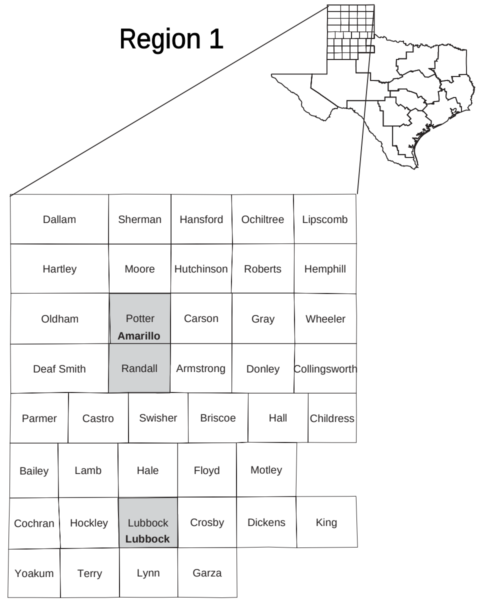


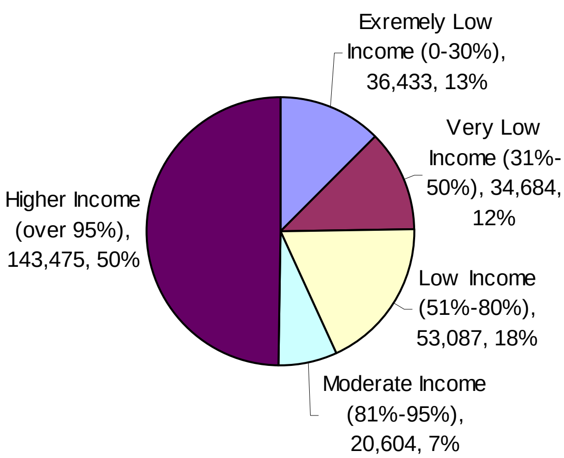
Figure 3.16: Region 1 Population Figures

	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.

2006 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as $114,300 and $97,500, respectively.[9]

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.

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,[10] 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.

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[10] Texas Interagency Council for the Homeless, "Key Facts."

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 3.18: 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 2,375 single family units and 831 multifamily units were issued in 2005.[11]

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 3.19: 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

[11] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 35 percent indicated that energy assistance was their first priority need, with 23 percent ranking housing assistance as their priority need. Approximately 21 percent of respondents indicated that the development of apartments was the first priority need, 15 percent indicated that capacity building assistance was their top need, and only 6 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 39 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 43 percent indicated that their community's greatest need was the construction of new rental units, while 5 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.20: Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,218	31.3%	2.5%
HUD Units	2,076	15.4%	3.6%
PHA Units	1,562	11.6%	2.6$
Section 8 Vouchers	3,987	29.6%	3.0%
USDA Units	1,612	12.0%	6.2%
HFC Units*	1,577		
Total	13,455	100%	3.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.21: Region 1 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

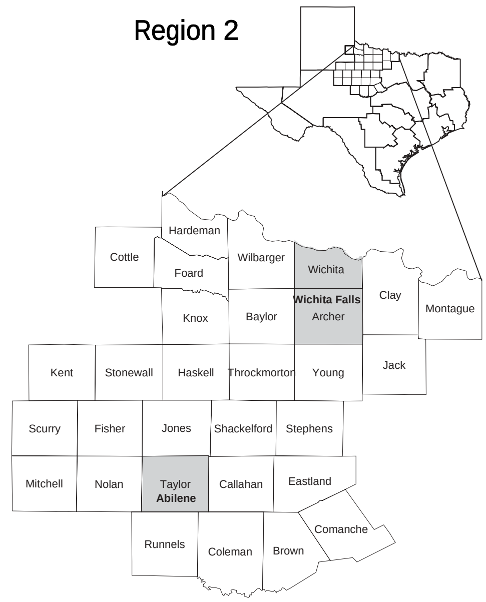


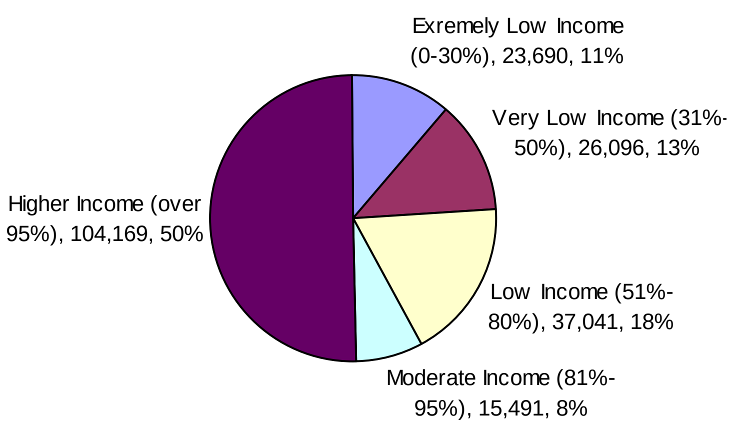
Figure 3.22: Region 2 Population Figures

	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 3.23: 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.

2006 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as $95,500 and $100,700, respectively.[12]

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.

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,[13] but figures vary. According to the 2000 Census, there are 609

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[12] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).

[13] Texas Interagency Council for the Homeless, "Key Facts."

people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro 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 3.24: 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 659 single family units and 376 multifamily units were issued in 2005.[14]

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 3.25: 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

[14] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that energy assistance was their first priority need, with 21 percent ranking housing assistance as their priority need. Approximately 18 percent of respondents indicated that the development of apartments was the first priority need, 18 percent indicated that capacity building assistance was their top need, and 12 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 54 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 7 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 47 percent indicated that weatherization and minor home repairs was the greatest need, as 47 percent indicated that utility assistance was the greatest need.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.26: Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,753	26.9%	1.6%
HUD Units	1,655	16.2%	2.9%
PHA Units	3,905	38.1%	6.6%
Section 8 Vouchers	2,921	28.5%	2.2%
USDA Units	1,925	18.8%	7.4%
HFC Units*	280		
Total	10,241	100.0%	2.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.27: Region 2 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

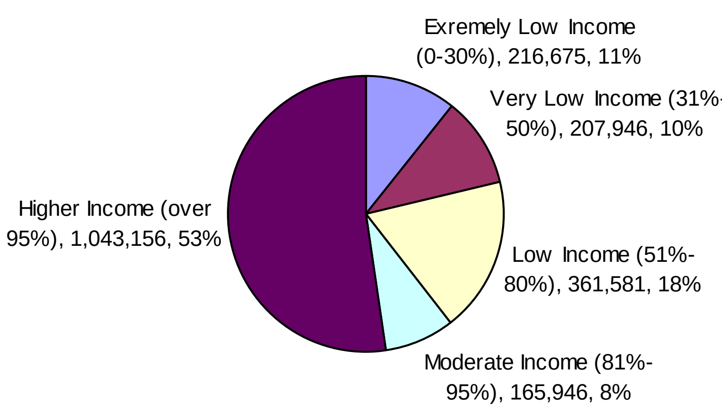
Figure 3.28: Region 3 Population Figures

	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 3.29: 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 2006 Multiple Listing Service data, the highest median home price is in Collin County at $191,500, while the lowest is in Sherman-Denison at $97,100.[15]

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.

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

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[16] Texas Interagency Council for the Homeless, "Key Facts."

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 3.30: 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 50,307 single family units and 10,783 multifamily units were issued in 2005.[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 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

Figure 3.31: 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

[17] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, 50 percent indicated that housing assistance was their first priority need, followed by energy assistance with 35 percent. Approximately 5 percent of respondents indicated that the development of apartments was the first priority need, 8 percent indicated that capacity building assistance was their top need, and only 3 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 52 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 26 percent indicated that the need for construction and rehabilitation was approximately the same, while 19 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 39 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 37 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.32: Region 3 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	55,393	46.9%	32.4%
HUD Units	10,834	9.2%	18.9%
PHA Units	8,725	7.4%	14.7%
Section 8 Vouchers	39,149	33.1%	29.2%
USDA Units	4,076	3.4%	15.6%
HFC Units*	19,944		
Total	118,177	100.0%	26.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.33: Region 3 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

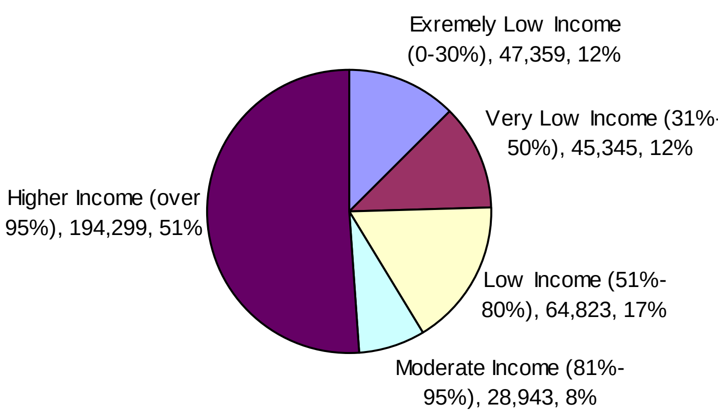
Figure 3.34: Region 4 Population Figures

	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 3.35: 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.

2006 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as $130,100 and $108,400, respectively.[18]

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.

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

[18] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).

200,000 homeless individuals in Texas,[19] 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.

Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $1,037,418.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

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 3.36: 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

In the region, permits for 1,602 single family units and 231 multifamily units were issued in 2005.[20]

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 3.37: 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

[19] Texas Interagency Council for the Homeless, "Key Facts."
[20] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 43 percent indicated that housing assistance was their first priority need, with 29 percent ranking energy assistance as their priority need. Approximately 17 percent of respondents indicated that the development of apartments was the first priority need, 11 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 11 percent indicated that there was a minimal need for rental development in their areas and 11 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 40 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.38: Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,182	23.6%	3.0
HUD Units	3,381	15.4%	5.9%
PHA Units	3,422	15.6%	5.8%
Section 8 Vouchers	6,090	27.7%	4.5%
USDA Units	3,872	17.6%	14.8%
HFC Units*	1,160		
Total	21,947	100.0%	4.9%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.39: Region 4 Projected 2007 TDHCA Funding by Program

Program	2006 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

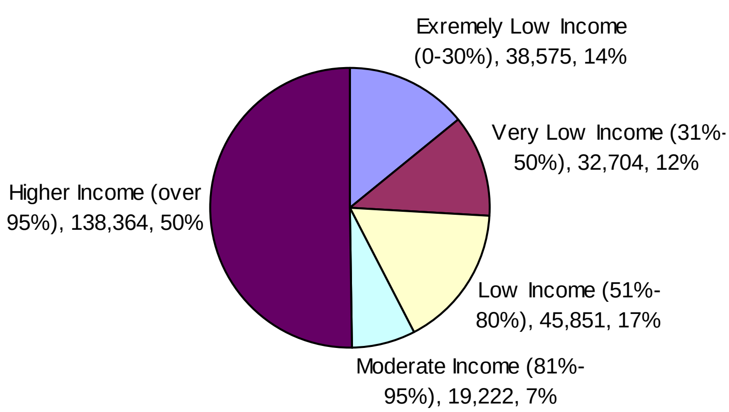
Figure 3.40: Region 5 Population Figures

	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 3.41: 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.

2006 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as $111,400 and $85,100, respectively.[21]

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.

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

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).

200,000 homeless individuals in Texas,[22] but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its tabulation on emergency and transitional shelters, the Census did not count homeless persons in metropolitan areas.

Region 5 also experienced significant damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $190,251,194.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

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 3.42: 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

In the region, permits for 1,223 single family units and 398 multifamily units were issued in 2005.[23]

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 3.43: 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

[22] Texas Interagency Council for the Homeless, "Key Facts."
[23] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 59 percent indicated that housing assistance was their first priority need, and 10 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 10 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 49 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 54 percent indicated that the need for construction and rehabilitation is the same, while 3 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 44 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 40 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.44: Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,556	21.2%	2.7%
HUD Units	4,296	20.0%	7.5%
PHA Units	3,241	15.1%	5.5%
Section 8 Vouchers	7,992	37.2%	6.0%
USDA Units	1,371	6.4%	5.2%
HFC Units*	1,160		
Total	21,456	100.0%	4.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.45: Region 5 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

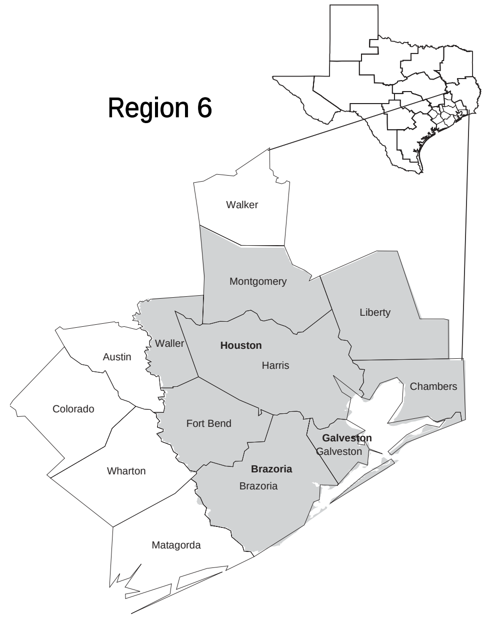


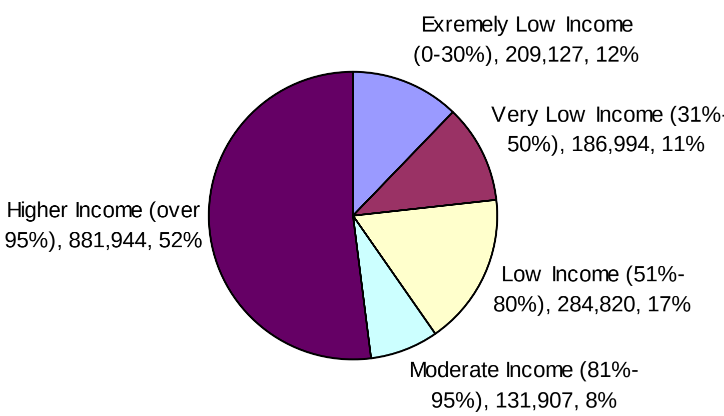
Figure 3.46: Region 6 Population Figures

	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 3.47: 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.

2006 Multiple Listing Service data records the median home prices for Houston and Galveston as $147,000 and $175,800, respectively.[24]

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.

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,[25] but figures vary. According to the 2000 Census, there are

[24] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[25] Texas Interagency Council for the Homeless, "Key Facts."

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.

Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $28,325,647.98 worth of damage was reported. Households affected by the hurricane have unexpected needs.

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 3.48: 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

In the region, permits for 51,525 single family units and 11,118 multifamily units were issued in 2005.[26]

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 3.49: 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

[26] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 70 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 14 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 31 percent indicated that the need for construction and rehabilitation was the same, while 21 percent indicated that there was a minimal need for rental development in their areas and 12 percent had no opinion on the subject. When considering energy assistance activities, 49 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 36 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.50: Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	46,254	52.4%	27.1%
HUD Units	13,076	14.8%	22.8%
PHA Units	5,795	6.6%	9.8%
Section 8 Vouchers	19,713	22.3%	14.7%
USDA Units	3,484	3.9%	13.3%
HFC Units*	37,116		
Total	88,322	100.0%	19.7%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.51: Region 6 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

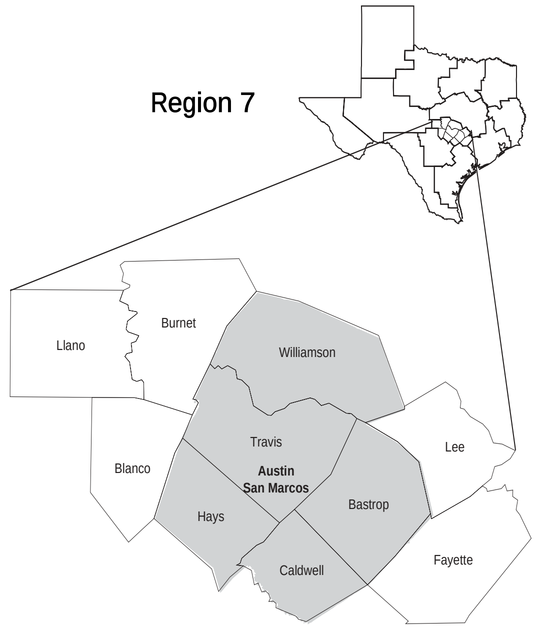


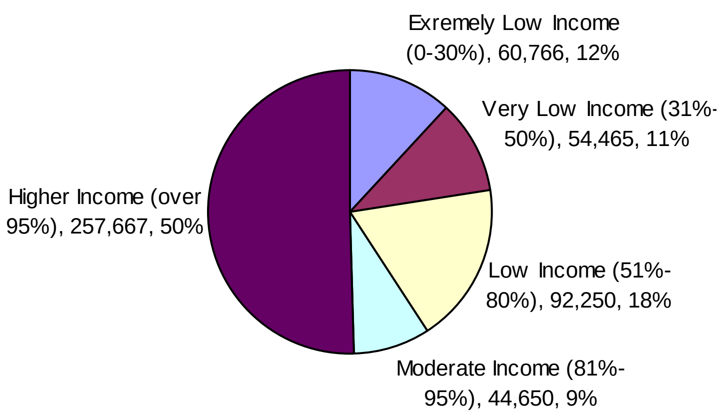
Figure 3.52: Region 7 Population Figures

	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 3.53: 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 2006 Multiple Listing Service median home price for Austin is $170,500.[27]

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 200,000 homeless individuals in Texas,[28] 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.

[27] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[28] Texas Interagency Council for the Homeless, "Key Facts."

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 3.54: 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 18,113 single family units and 6,091 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 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

Figure 3.55: 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

[29] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 32 percent indicated that the development of apartments was their first priority need, with 27 percent ranking housing assistance as their priority need. Approximately 14 percent of respondents indicated that energy assistance was the first priority need, 27 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 34 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 45 percent indicated that their community's greatest need was the construction of new rental units, while 14 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 38 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.56: Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	15,315	49.0%	9.0%
HUD Units	2,889	9.2%	5.0%
PHA Units	3,522	11.3%	5.9%
Section 8 Vouchers	8,053	25.8%	6.0%
USDA Units	1,461	4.7%	5.6%
HFC Units*	8,076		
Total	31,240	100.0%	7.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.57: Region 7 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

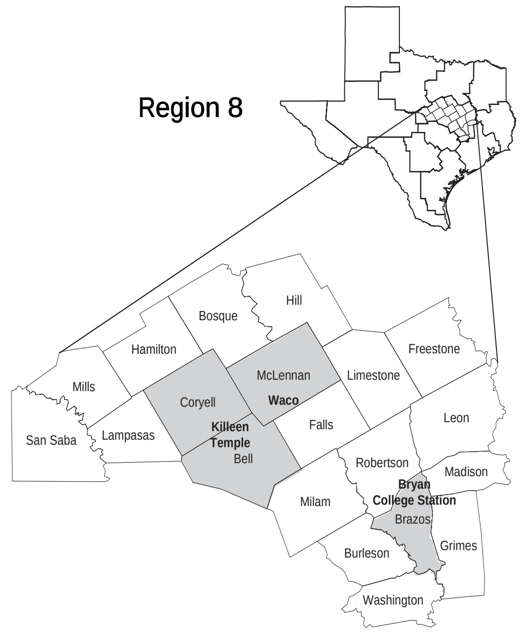


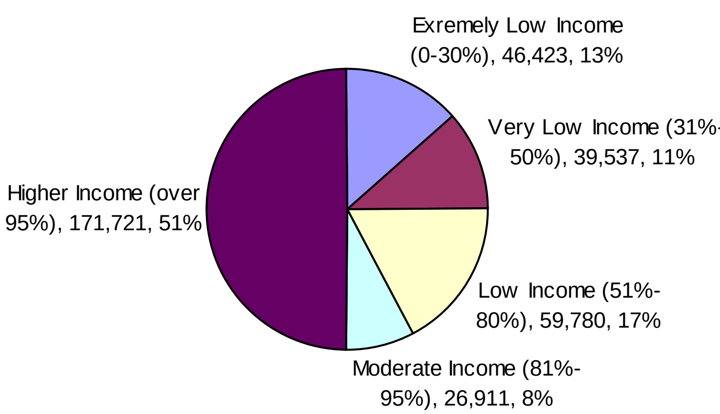
Figure 3.58: Region 8 Population Figures

	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 3.59: 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.

2006 Multiple Listing Service data records the median home prices for Bryan-College Station and Killen-Fort Hood as \$132,500 and \$106,60, respectively.[30]

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.

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

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).

200,000 homeless individuals in Texas,[31] 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 3.60: 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 5,399 single family units and 2,054 multifamily units were issued in 2005.[32]

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 3.61: 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

31 Texas Interagency Council for the Homeless, "Key Facts."
32 Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 26 percent indicated that housing assistance was their first priority need, with 22 percent ranking energy assistance as their priority need. Approximately 19 percent of respondents indicated that the development of apartments was the first priority need, 22 percent indicated that capacity building assistance was their top need, and 11 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 48 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 40 percent indicated that their community's greatest need was the construction of new rental units, while 20 percent indicated that there was a minimal need for rental development in their areas and 9 percent had no opinion on the subject. When considering energy assistance activities, 60 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 34 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.62: Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,356	24.2%	3.1%
HUD Units	2,683	12.1%	4.7%
PHA Units	3,273	14.8%	5.5%
Section 8 Vouchers	8,053	36.3%	4.0%
USDA Units	2,804	12.6%	10.7%
HFC Units*	304		
Total	22,169	100.0%	4.4%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.63: Region 8 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

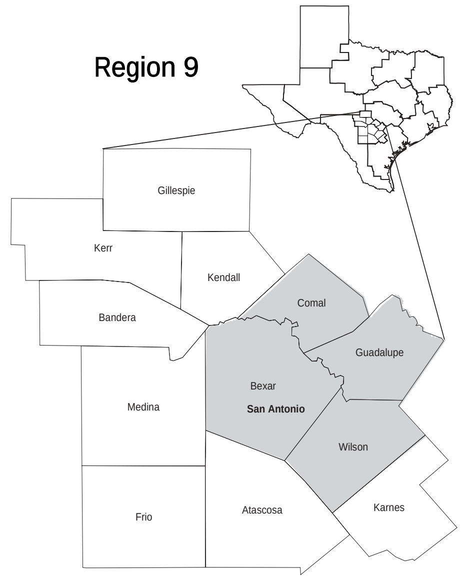


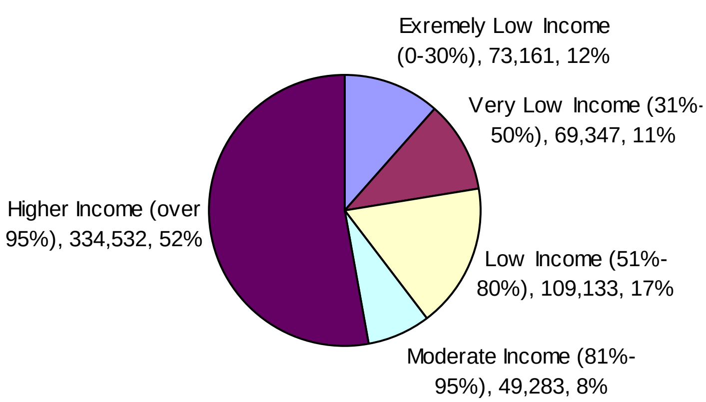
Figure 3.64: Region 9 Population Figures

	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 3.65: 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 2006 Multiple Listing Service records the median home price for San Antonio as $137,100.[33]

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.

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,[34] 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

[33] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[34] Texas Interagency Council for the Homeless, "Key Facts."

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 3.66: 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 14,901 single family units and 7,663 multifamily units were issued in 2005.[35]

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 3.67: 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

[35] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 67 percent indicated that housing assistance was their first priority need, with 20 percent ranking energy assistance as their top need. Approximately 7 percent of respondents indicated that the development of apartments was the first priority need, 0 percent indicated that capacity building assistance was their top need, and 7 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 53 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 34 percent indicated that the need for construction and rehabilitation was the same, while 18 percent indicated that there was a minimal need for rental development in their areas and 18 percent had no opinion on the subject. When considering energy assistance activities, 41 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 29 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.68: Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	13,847	32.7%	8.1%
HUD Units	5,321	12.6%	9.3%
PHA Units	7,321	17.3%	12.3%
Section 8 Vouchers	14,859	35.1%	11.1%
USDA Units	971	2.3%	3.7%
HFC Units*	21,974		
Total	42,319	100.0%	9.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.69: Region 9 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

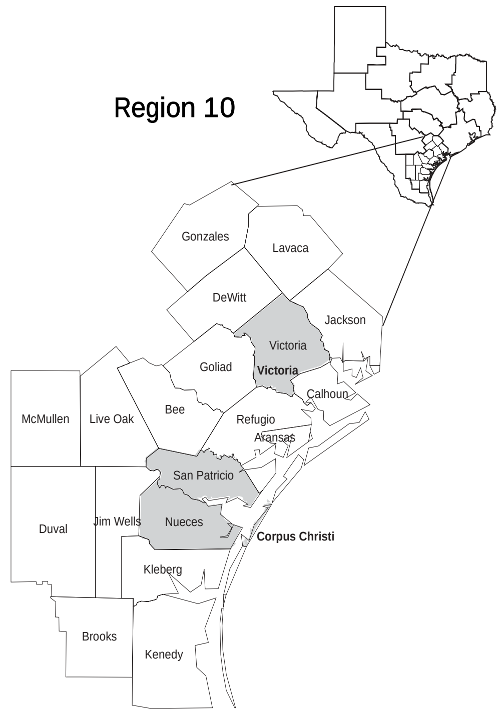


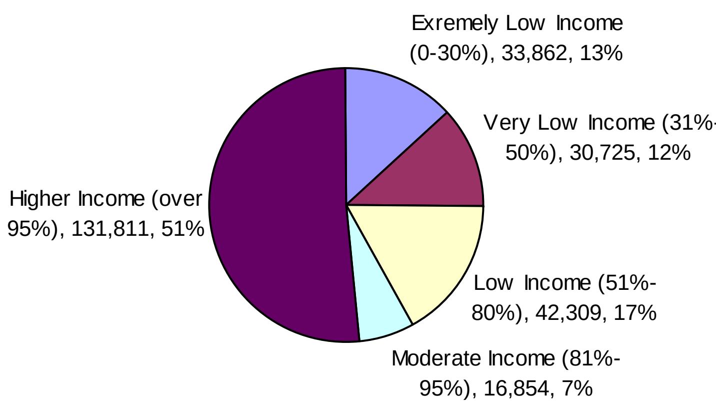
Figure 3.70: Region 10 Population Figures

	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 3.71: 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 2006 Multiple Listing Service records the median home price for Corpus Christi as $131,600.[36]

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.

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,[37] but figures vary. According to the 2000 Census, there are

[36] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[37] Texas Interagency Council for the Homeless, "Key Facts."

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 3.72: 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 2,547 single family units and 807 multifamily units were issued in 2005.[38]

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 3.73: 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

[38] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 15 percent ranking energy assistance as their priority need. Approximately 15 percent of respondents indicated that the development of apartments was the first priority need, 30 percent indicated that capacity building assistance was their top need, and 0 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 81 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 41 percent indicated that their community's greatest need was the construction of new rental units, while 18 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.74: Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,968	23.1%	2.3%
HUD Units	3,811	22.2%	6.6%
PHA Units	3,976	23.1%	6.7%
Section 8 Vouchers	3,804	22.1%	2.8%
USDA Units	1,619	9.4%	6.2%
HFC Units*	968		
Total	17,178	100.0%	3.8%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.75: Region 10 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

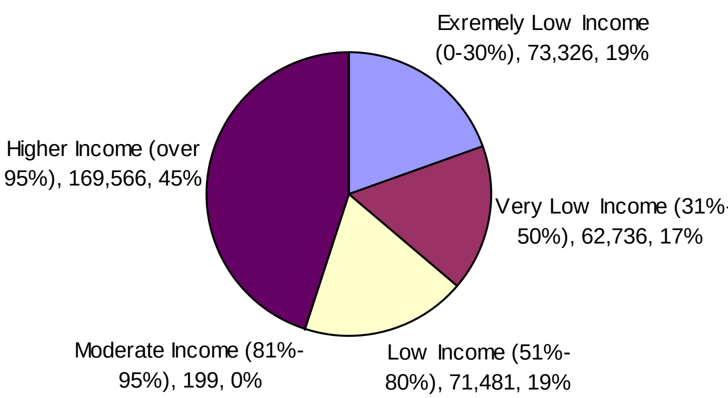
Figure 3.76: Region 11 Population Figures

	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 3.77: 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.[39] There are 455,366, or 33.9 percent, individuals living in poverty in the region.

2006 Multiple Listing Service data records the median home prices for Brownsville as $107,200 and McAllen as 107,800.[40]

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.

[39] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

[40] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).

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,[41] 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 3.78: 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 12,171 single family units and 3,089 multifamily units were issued in 2005.[42]

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 3.79: 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

[41] Texas Interagency Council for the Homeless, "Key Facts."
[42] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 40 percent indicated that housing assistance was their first priority need, with 10 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 20 percent indicated that capacity building assistance was their top need, and 10 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 46 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 50 percent indicated that the need for construction and rehabilitation was the same, while 0 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.80: Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	7,400	22.2%	4.3%
HUD Units	3,695	11.1%	6.4%
PHA Units	7,223	21.6%	12.2%
Section 8 Vouchers	13,071	39.1%	9.8%
USDA Units	2,003	6.0%	7.7%
HFC Units*	204		
Total	33,392	100.0%	7.5%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.81: Region 11 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

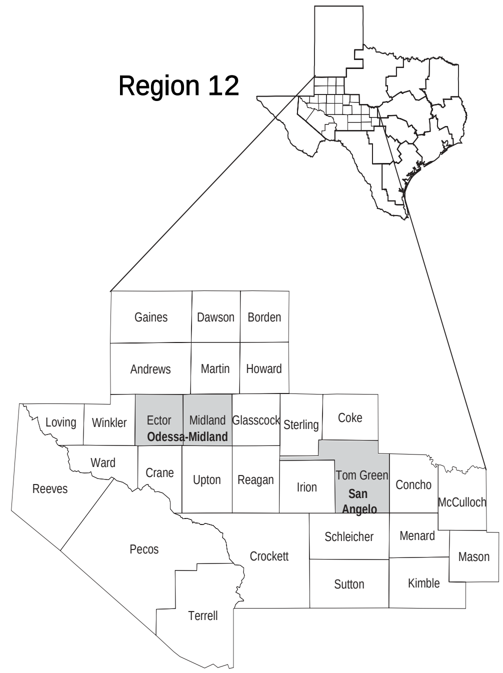


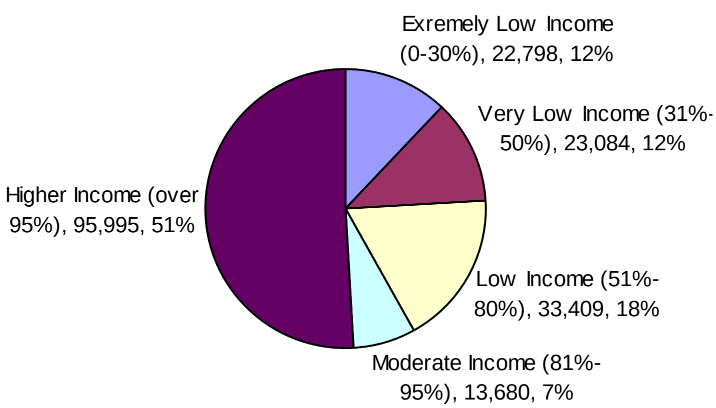
Figure 3.82: Region 12 Population Figures

	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 3.83: 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 Odessa-Midland as $99,300.[43]

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.

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 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on

[43] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[44] Texas Interagency Council for the Homeless, "Key Facts."

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 3.84: 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 922 single family units and 179 multifamily units were issued in 2005.[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 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

Figure 3.85: 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

[45] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 45 percent indicated that housing assistance was their first priority need, with 9 percent ranking energy assistance as their priority need. Approximately 27 percent of respondents indicated that the development of apartments was the first priority need, 9 percent indicated that capacity building assistance was their top need, and 9 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 50 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 42 percent indicated that their community's greatest need was the construction of new rental units, while 17 percent indicated that there was a minimal need for rental development in their areas and 4 percent had no opinion on the subject. When considering energy assistance activities, 46 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 42 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.86: Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,926	30.4%	1.7%
HUD Units	1,792	18.6%	3.1%
PHA Units	1,183	12.3%	2.0%
Section 8 Vouchers	3,039	31.6%	2.3%
USDA Units	687	7.1%	2.6%
HFC Units*	24		
Total	9,627	100.0%	2.2%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.87: Region 12 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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.

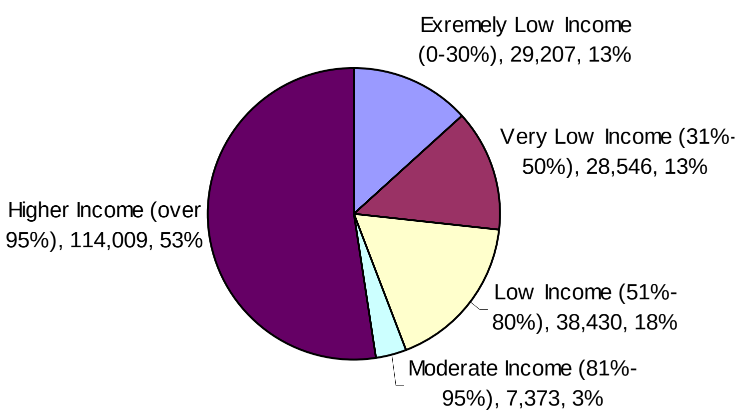
Figure 3.88: Region 13 Population Figures

	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 3.89: 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 2006 Multiple Listing Service data records the median home price for El Paso as $124,100.[46]

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.

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,[47] but figures vary. According to the 2000 Census, there are

[46] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed July 27, 2006).
[47] Texas Interagency Council for the Homeless, "Key Facts."

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 3.90: 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 4,459 single family units and 1,074 multifamily units were issued in 2005.[48]

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 3.91: 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

[48] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

Regional Input on Housing Needs

Of respondents ranking their community's need for general assistance in the 2006 CNS, approximately 47 percent indicated that housing assistance was their first priority need, with 0 percent ranking energy assistance as their priority need. Approximately 20 percent of respondents indicated that the development of apartments was the first priority need, 13 percent indicated that capacity building assistance was their top need, and 20 percent indicated that homeless assistance was the top need.

In terms of housing assistance, 41 percent indicated that home repair assistance was the greatest need. Regarding rental development activities, 46 percent indicated that their community's greatest need was the construction of new rental units, while 12 percent indicated that there was a minimal need for rental development in their areas. When considering energy assistance activities, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Figure 3.92: Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,598	20.1%	2.1%
HUD Units	1,863	10.4%	3.2%
PHA Units	6,284	35.1%	10.6%
Section 8 Vouchers	5,842	32.7%	4.4%
USDA Units	298	1.7%	1.1%
HFC Units*	378		
Total	17,885	100.0%	4.0%

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA Assistance for 2007

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

Figure 3.93: Region 13 Projected 2007 TDHCA Funding by Program

Program	2007 Funding	Percent of State
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Community Services Block Grant	TBD	TBD
Emergency Shelter Grants	TBD	TBD
Comprehensive Energy Assistance	TBD	TBD
Weatherization Assistance	TBD	TBD
Total	TBD	TBD

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 3.94: 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 3.95: 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 3.96 provides information on the income breakdowns of households in each region.

Figure 3.96: 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 3.97: 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 3.98: 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 3.99: Housing Permits, 2005

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	831	1.86%	2,375	1.43%	3,206	1.52%
2	376	0.84%	659	0.40%	1,035	0.49%
3	10,783	24.13%	50,307	30.27%	61,090	28.97%
4	231	0.52%	1,602	0.96%	1,833	0.87%
5	398	0.89%	1,223	0.74%	1,621	0.77%
6	11,118	24.88%	51,525	31.00%	62,643	29.70%
7	6,091	13.63%	18,113	10.90%	24,204	11.48%
8	2,054	4.60%	5,399	3.25%	7,453	3.53%
9	7,663	17.15%	14,901	8.97%	22,564	10.70%
10	807	1.81%	2,547	1.53%	3,354	1.59%
11	3,089	6.91%	12,171	7.32%	15,260	7.24%
12	179	0.40%	922	0.55%	1,101	0.52%
13	1,074	2.40%	4,459	2.68%	5,533	2.62%
State	44,694	100.00%	166,203	100.00%	210,897	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 3.100: 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 3.101: 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 3.102: 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 3.103 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 3.103: 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 3.104 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 3.104: 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 3.105 shows that Region 6 has the highest number of overcrowded owner households.

Figure 3.105: 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 3.106: 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

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. HFC units are not included in the total assisted units because this figure includes a considerable number of marker-rate units, and many HFC units are financed through TDHCA and already counted in the TDHCA units total. Please see the “Assisted Housing Inventory” under “State of Texas” for data explanations.

Figure 3.107: Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	4,218	2,076	1,562	3,987	1,612	1,577	13,455
2	2,753	1,655	3,904	2,921	1,925	280	13,158
3	55,393	10,834	8,725	39,149	4,076	19,944	118,177
4	5,182	3,381	3,422	6,090	3,872	1,160	21,947
5	4,556	4,296	3,241	7,992	1,371	1,171	21,456
6	46,254	13,076	5,795	19,713	3,484	37,116	88,322
7	15,315	2,889	3,522	8,053	1,461	8,076	31,240
8	5,356	2,683	3,273	5,424	2,804	304	19,540
9	13,847	5,321	7,321	14,859	971	21,974	42,319
10	3,968	3,811	3,976	3,804	1,619	968	17,178
11	7,400	3,695	7,223	13,071	2,003	204	33,392
12	2,926	1,792	1,183	3,039	687	24	9,627
13	3,598	1,863	6,284	5,842	298	378	17,885
State	170,766	57,372	59,431	133,944	26,183	93,176	447,696

*Because HFC developments report total units and do not specify assisted units, and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

TDHCA ASSISTANCE FOR 2007

Based on allocation formulas, TDHCA can estimate the amount of 2007 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. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally and thus are not included in these tables, though this 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 2007 CEAP and WAP figures are based on 2006 level funding by provider and then county.

Figure 3.108: Projected 2007 TDHCA Funding by Program by Region

Region	HOME	HTC	CSBG	ESGP	CEAP	WAP	Total Region Funding
1	TBD	TBD	TBD	TBD	TBD	TBD	TBD
2	TBD	TBD	TBD	TBD	TBD	TBD	TBD
3	TBD	TBD	TBD	TBD	TBD	TBD	TBD
4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
5	TBD	TBD	TBD	TBD	TBD	TBD	TBD
6	TBD	TBD	TBD	TBD	TBD	TBD	TBD
7	TBD	TBD	TBD	TBD	TBD	TBD	TBD
8	TBD	TBD	TBD	TBD	TBD	TBD	TBD
9	TBD	TBD	TBD	TBD	TBD	TBD	TBD
10	TBD	TBD	TBD	TBD	TBD	TBD	TBD
11	TBD	TBD	TBD	TBD	TBD	TBD	TBD
12	TBD	TBD	TBD	TBD	TBD	TBD	TBD
13	TBD	TBD	TBD	TBD	TBD	TBD	TBD
State	TBD	TBD	TBD	TBD	TBD	TBD	TBD

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. With few exceptions, 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 with public and private partnerships. To address this obstacle, TDHCA must develop strategies to foster and maintain affordable housing.

LACK OF ORGANIZATIONAL CAPACITY

While there is a perceived interest in producing affordable housing, the actual capacity of organizations to produce such housing is unclear. A lack of organizational capacity, funding, and the ability to support ongoing developments--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

It is a common perception that affordable housing helps contribute to overcrowded schools, increased crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. This perception is often described by the term "Not In My Back Yard" or NIMBY. As a result, developments requesting funding from TDHCA can experience significant opposition. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding. TDHCA also provides incentives to rehabilitate existing, aging developments, thus improving the local areas.

REGULATORY BARRIERS TO AFFORDABLE HOUSING

The following issues can be barriers to the provision of affordable housing.

- *Zoning provisions*: Because most 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, local areas can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. TDHCA believes that cities, the state, neighborhood organizations, and developers should work together in order to provide decent and affordable housing to lower income households.

- *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 housing options such as manufactured housing. Many of these alternatives could have a positive impact on the availability of affordable housing. 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 some municipalities may view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. 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.
- *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, regulations include the Endangered Species Act, National Pollutant Discharge Elimination System, and 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. According to HUD, for FY 2006, the median income for Texas metropolitan statistical areas is $56,600 compared to $43,100 for non-metro households.[49] Because program

[49] HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

eligibility, rents, and home purchase prices are tied to the area median income, a developer may choose to locate developments in metro areas where it is more profitable to build because of higher incomes.

GENERAL STRATEGIES TO OVERCOME OBSTACLES

TDHCA is committed to 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; 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

Though TDHCA does not have regulatory authority the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry, TDHCA can act as an information resource to help identify or facilitate actions such as the following:

- Encourage localities to identify and address those regulations that lead to increased housing costs. 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 have the effect of impeding affordable housing,
    - reviewing local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information and education on homebuyer education.
- 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. A significant portion of this effort relates to a study required by HB 1582 of the 79th Legislature. This bill requires TDHCA to study mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis Counties. The study addresses the extent to which the terms of mortgages are related to the foreclosure rate and whether terms could be offered to reduce the likelihood of foreclosure; the socioeconomic and geographic elements characterizing foreclosures; the securitization of mortgages in the secondary market and its effect on foreclosures; consumer education efforts to prevent foreclosures; and recommendations to reduce foreclosures. For more information on this study, please contact the Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm. .

- 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 in Texas using HUD dollars. TDHCA also regulates the manufactured housing industry using HUD laws. TDHCA has 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, 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

Outside of HTCs, 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. ORCA also participates in the evaluation and 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. In addition, TDHCA and ORCA jointly administer the CDBG disaster recovery funding awarded to Texas under the Department of Defense Appropriations Act, 2006, to rebuild the southeast Texas region devastated by Hurricane Rita.
- *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 educate Texas real estate agents on programs and develop an outreach campaign to help first time homebuyers access low-cost mortgage financing. TDHCA also sponsored a specialty license plate to support the association's Housing Opportunity Foundation.
- *Texas Home of Your Own Coalition:* TDHCA has historically partnered with United Cerebral Palsy's 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 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 persons with disabilities transition from nursing facilities into the community by providing Section 8 Housing Choice Vouchers that enable them to access affordable housing in the community.

- *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 the Texas State Affordable Housing Corporation, JP Morgan Chase, Fannie Mae, CitiMortgage, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- *Texas State Affordable Housing Corporation (TSAHC):* 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 has also partnered with TDHCA to manage the financial account for Texas Statewide Homebuyer Education Program.
- *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.
- *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 that 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 2006/2007 Appropriations Act 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. TDHCA works to meet these goals, by providing HOME and HTC scoring incentives for applicants to set aside units for very low and extremely low income households.

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 Department of Health and Human Services defines the 2005 poverty guideline as $19,350 in income for a family of four,[50] 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.

[50] US Department of Health and Human Services, "The 2005 HHS Poverty Guidelines," http://aspe.hhs.gov/poverty/05poverty.shtml (accessed July 28, 2006).

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.

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.

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; the Colonia Model Subdivision Program provides loans to develop residential subdivisions as alternatives to colonias; 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.[51] 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

[51] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed July 28, 2006).

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.

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.[52]

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2005 US Conference of Mayors survey of 25 American cities found that homeless families comprised 33 percent of the homeless population.[53] Additionally, single mothers and children make up the largest group of people who are homeless in rural areas.[54] Approximately 90 percent of homeless families are homeless due to a crisis.[55] 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.[56] 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 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 2004 US Conference of Mayors survey of 27 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

[52] National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/Why.pdf (accessed July 28, 2006).
[53] National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/Whois.pdf (accessed July 28, 2006).
[54] National Coalition for the Homeless, *Who is Homeless?*
[55] Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/pdffiles/RP2_FindWayHome_Sept03.pdf (accessed July 28, 2006).
[56] Texas Homeless Network, "Finding the Way Home."

American, and 1 percent was Asian.[57] 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 Coalition 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.[58] Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

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.[59]

In 2004, there were 182,087 reported family violence incidents in Texas.[60] According to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In 2004, the Family Violence Program though the Texas Health and Human Services Commission served 83,349 adults and children and provided 948,610 direct services.[61] Furthermore, 7,201 were denied shelter due to lack of space.

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.[62] 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.

Homeless 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. As a group, this makes the elderly the poorest of all Texans. Approximately 6 percent of persons aged 55 to 64 were homeless in 2004.[63]

Homeless Veterans

According to the Department of Veteran's Affairs[64] 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

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[57] National Coalition for the Homeless, *Who is Homeless?*
[58] National Coalition for the Homeless, *Who is Homeless?*
[59] National Coalition for the Homeless, *Who is Homeless?*
[60] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/info/abuse_in_texas.html (accessed August 9, 2006).
[61] Texas Health and Human Services Commission, "Fact Sheet: Intimate Partner Violence in Texas," http://www.hhsc.state.tx.us/programs/familyviolence/Facts/Texas_IPV_FactSheet.html (accessed August 9, 2006).
[62] Texas Interagency Council for the Homeless, "Key Facts."
[63] National Coalition for the Homeless, *Who is Homeless?*

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.[65] Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

Homeless Persons with HIV/AIDS

The National Coalition for the Homeless estimates that 3 to 20 percent homeless people are HIV positive.[66] 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 2005 US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[67] The Texas Department of State Health Services (DSHS) reports that, of adult clients admitted to DSHS-funded programs in 2004, 11 percent were homeless and the average income at admission was $5,715.[68] Homeless persons with substance abuse problems will 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 2006 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2007 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.

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[64] US Department of Veterans Affairs, "Overview of Homelessness," (February 2006) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed July 28, 2006).
[65] Texas Homeless Network, "Finding the Way Home."
[66] National Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, June 2006) http://www.nationalhomeless.org/publications/facts/HIV.pdf (accessed July 28, 2006).
[67] National Coalition for the Homeless, *Who is Homeless?*
[68] Texas Department of State Health Services, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed July 28, 2006).

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.

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 2007, TDHCA anticipates that it will receive $5,076,683 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 2006 ESGP application cycle, the Department received 123 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 transitional housing. TDHCA gives scoring preferences for special needs activities, including transitional housing.

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 2004*, an SSI recipient would have to pay an average of 102.7percent (calculated as $569) of his or her $564 monthly payment to rent a one-bedroom apartment in Texas.[69] 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 $169.

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. Housing developers may choose to provide "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

[69] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2004*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., August 2005), 37, http://www.c-c-d.org/pricedout04.pdf (accessed July 28, 2006).

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 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 may 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 2006 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2007 goals.

GOAL 9: 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.

9.1 **Strategy:** Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

9.2 **Strategy:** Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

9.3 **Strategy:** Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

9.4 **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. TDHCA attends and participates in PIAB meetings and is a member of the Housing subcommittee.

Project Access

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons seeking community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 Section 8 Housing Choice rental vouchers to administer to the *Olmstead* population as part of a national pilot called "Project Access." As of July 2006, all vouchers have been issued, and 56 recipients through voucher recycling have made the transition from a nursing facility into their own home.

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. This allocation funds applications that serve persons with disabilities and may also be located in a metropolitan participating jurisdiction area (as opposed to the majority of HOME funds, which may only be awarded to non-participating jurisdiction areas). Additionally, the HOME Program has a goal of allocating 20 percent of funds to applications serving persons with special needs.

From 2000 to 2006, TDHCA allocated HOME Program funds for United Cerebral Palsy's Texas Home of Your Own (HOYO) Coalition, 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.

For PY 2007, TDHCA will allocate $750,000 for a Persons with Disabilities Single Family Allocation. The allocation will be a statewide competitive application available to organizations serving persons with disabilities with single family activities, including homebuyer assistance, home repair, and tenant-based rental assistance.

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 conform to Section 504 standards.

Multifamily Bond Program

Multifamily Bond Program developments must conform to Section 504 standards.

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

In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, 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.[70] 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.[71]

Nationwide, in 2004, the median income for individual elderly males was $21,102, elderly females was $12,080, and families headed by individuals 65 and over was $35,825.[72] 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.[73]

The 2003 State of Texas Senior Housing Assessment found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible, and two-thirds believed that they would always live in their homes.[74] In 2003, of all elderly households nationwide, 73 percent owned their own homes free and clear.[75] However, elderly homeowners generally live in older homes than the majority of the population; in 2003, the median year of construction for homes owned by elderly households was 1965 and 5.3 percent had physical problems.[76] Due to their age, homes owned by the elderly are often in need of repair and weatherization.

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

[70] 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 July 28, 2006).
[71] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.
[72] US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2005* (US Department of Health and Human Services), 1, http://www.aoa.dhhs.gov/PROF/Statistics/profile/2005/2005profile.pdf (accessed July 28, 2006).
[73] US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, http://www.huduser.org/publications/hsgspec/housec.html (accessed July 28, 2006).
[74] Texas Department of Aging and Disability Services, *The State of Our State on Aging 2005* (Austin, TX: Texas Department of Aging and Disability Services, May 2005), 27, http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf (accessed July 28, 2006).
[75] US Department of Health and Human Services, *A Profile on Older Americans: 2005,* 11.
[76] US Department of Health and Human Services, *A Profile on Older Americans: 2005*, 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.[77] 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 of 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 (DSHS), 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.[78] Of the 56,858 total admissions to DSHS-funded treatment programs during 2005, admitted individuals were 58.3 percent male with an average age of 31.6, an average 11th grade education, and an average annual income of $5,753.[79] Furthermore, 22.4 percent were employed, 9.7 percent were homeless, 52.4 had family or marital problems, and 45 percent reported psychological and emotional problems. 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 DSHS, in 2005, there were 56,012 reported persons living with HIV/AIDS in Texas.[80] 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.

[77] Texas Department of Human Services, *2003 Annual Report*, 103.
[78] 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 July 28, 2006).
[79] Jane Carlisle Maxwell, Substance Abuse Trends in Texas: June 2006 (Austin, TX: Gulf Coast Addition Technology Transfer Center, June 2006), 21, http://www.utexas.edu/research/cswr/gcattc/Trends/trends606.pdf (accessed August 2, 2006).
[80]Texas Department of State Health Services, HIV/STD Epidemiology and Surveillance Branch, *Texas HIV/STD Surveillance Report: 2005 Annual Report* (Austin, TX: Texas Department of State Health Services), 3, http://www.dshs.state.tx.us/hivstd/stats/pdf/surv_2005.pdf (accessed August 2, 2006).

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 2004 HUD data, there are 61,127 units of public housing and 141,982 Section 8 Housing Choice Vouchers in Texas.[81]

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.

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.

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 served 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 a three-year grant to provide training and technical assistance to PHAs. Activities of the grant were intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

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

[81] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed October 30, 2004).

- 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.

The Texas Secretary of State reports that there are more than 2,294 Texas colonias with 400,000 residents.[82] The Texas Office of the Comptroller estimates that median annual incomes for colonia residents range from $7,000 to $11,000.[83] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. The majority of colonia residents do fieldwork, construction work, or factory work, and the unemployment rate ranges from 20 to 60 percent.[84]

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. 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.[85] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[86] 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.[87] The median annual income for

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[82] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).
[83] Texas Office of the Comptroller, "Colonias: A Symptom, Not the Problem, http://www.window.state.tx.us/border/ch07/colonias.html (accessed August 10, 2006).
[84] Texas Secretary of State, "Colonia FAQ's."
[85] 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 09, 2006).
[86] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[87] 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*

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.[88] 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. Contact the TDHCA Division of Policy and Public Affairs at (512) 475-3975 for a copy of this report.

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, for FY 2006, the median income for Texas metropolitan statistical areas is $56,600 compared to $43,100 for non-metro households.[89]

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 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.

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 9, 2006).

88 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 9, 2006).

89 HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

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 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.

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. ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

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 requires applicants to adhere to the statewide energy code and also gives points for the use of energy-efficient alternative construction materials including R-15 wall and R-30 ceiling insulation, 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.[90]

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 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

[90] National Safety Council, "Lead Poisoning," (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

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.

Disaster Initiatives

Texas saw a variety of major disasters in 2005 and 2006. In August 2005, Hurricane Katrina made landfall in Louisiana, and then in September 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf coast. Texas experienced an influx of evacuees from Louisiana escaping Hurricane Katrina, and over 75,000 homes in southeast Texas were severely damaged or destroyed as a result of Rita. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006. In addition to the hurricanes, Texas also experienced several wildfires and wildfire threats as the result of dry, hot weather conditions. In January 2006, FEMA made a disaster declaration identifying an Extreme Wildfire Threat for all 254 Texas counties, and individual assistance for those counties experiencing fires.

In the event of future disasters in FY 2007 and beyond, TDHCA is committed to quickly, efficiently, and responsibly locating funds and developing programs and initiatives to assist affected households and communities. TDHCA performed the following in 2005 and 2006 in response to the disasters described above.

Community Development Block Grant Disaster Recovery Funds

As the lead agency in partnership with ORCA, TDHCA administers the Community Development Block Grant (CDBG) disaster recovery funding awarded to Texas under the Department of Defense Appropriations Act, 2006. A total of $74.5 million was awarded to Texas to rebuild the southeast Texas region devastated by Hurricane Rita. In July 2006, the TDHCA Board approved awards to four councils of governments (COGs) in the region to rebuild damaged homes, and five COGs will receive funds for infrastructure repairs. Of all funds awarded, 56.8 percent will be dedicated to housing activities including home rehabilitation, reconstruction, and other eligible activities to help the residents of southeast Texas recover from this disaster. In August 2006, HUD announced that Texas would receive an additional $428 million in CDBG disaster funding to promote long-term recovery in the area.

HOME Program

In January 2006, TDHCA, released a NOFA for $8.3 million in federal HOME Investment Partnerships Program funds for the repair or reconstruction of homes damaged by Hurricane Rita. These funds were obtained through a HUD waiver that allows the use of program year PY 2005 and 2006 CHDO set-aside funds for disaster relief efforts. An additional NOFA announcing $4.2 million in Hurricane Rita Disaster Relief funds was released in August 2006.

Under the HOME Program, funds are available to assist with disaster recovery in accordance with the de-obligation policy as passed by the TDHCA Governing Board on Janurary 17, 2002. The policy was created to address the re-obligation or de-obligation of unexpended HOME funds and program income. Eligible activities are prioritized in the following order: successful appeals, disaster relief, special needs, colonias, and other projects/uses as determined by the Executive Director and/or Board. For disaster purposes, de-obligated HOME Program funds are used for all weather-related disasters including but not limited to disasters as a result of floods, fires, hurricanes, tornadoes, and excessive wind damage. Applications are funded on a first-come, first-serve basis with priority given to state-recognized disasters.

HTC Program

In January 2006, TDHCA issued a NOFA related to Housing Tax Credits authorized through HR 4440, also known as the Gulf Opportunity Zone Act of 2005. This act amended the Internal Revenue Code of 1986 to provide tax benefits for certain areas affected by Hurricane Rita. The Act provided for an increase of $3,500,000 in the 2006 Housing Tax Credit Ceiling for the State of Texas. TDHCA determined that it would allocate that $3,500,000 solely in 21 of the 22 impacted counties for rehabilitation, reconstruction, or replacement new construction of rental units.

HTF

In August 2006, TDHCA released $1 million in Housing Trust Funds through the HTF Hurricane Rental Relief Program to finance the rehabilitation of qualified affordable housing developments in the Department's existing rental portfolio that received damage from Hurricane Rita.

Single Family Bond

In February 2006, TDHCA announced the release of $16 million in home loans made available to qualified homebuyers wishing to purchase a home within targeted areas including the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. In June 2006, an additional $108 million in First Time Homebuyer Program funds were released for use in the targeted 22-county area known as the Rita Go Zone.

Office of Colonia Initiatives

In December 2005, TDHCA released a NOFA for approximately $1,800,000 of State of Texas Housing Trust Funds to organizations assisting individuals or families that were victims of Hurricane Rita to purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction for very low and extremely low income individuals and/or families (owner-builders), including persons with special needs.

Community Affairs Division

In immediate response to the hurricanes, the Community Affairs Division released an additional $680,000 in CSBG funding to help with emergency needs as a result of the disasters. By October 2005, over 80,000 individuals were assisted through local community action agencies with this additional disaster funding.

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 1.60. 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 “2007 Regional Allocation Formula” in this section for further explanation.

The Department anticipates using open funding cycles for programs that 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 the funding serves persons with disabilities. Multifamily developments serving persons with disabilities must be in compliance with the Department’s Integrated Housing Rule.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance 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 75 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $16,950,000.

Tenant-Based Rental Assistance

Rental subsidy and security and utility deposit assistance is provided to eligible tenants, in accordance with written tenant selection policies, for a period not to exceed twenty four months. 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 $3,390,000.

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 10 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $2,260,000.

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 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 2007 appropriations will be allocated toward this activity. These funds will 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 2007 appropriations will be allocated toward this activity. These funds will be subject to the Regional Allocation Formula.

Set-Asides & Initiatives

American Dream Downpayment Initiative (ADDI)

ADDI is a federal requirement that 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 minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of 6 percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan.

For PY 2007, approximately $650,000 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. For PY 2007, ADDI funds are included in the 10 percent allocated for Homebuyer Assistance.

CHDO Set-Aside

A minimum of 15 percent, approximately $6,000,000 (plus $300,000 in CHDO 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 units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units.

In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will 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. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money.

Contract for Deed Conversions Set-Aside

The purpose 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 of PY 2007 HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Colonia Model Subdivision Loan Program Set-Aside

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. $1,000,000 dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Persons with Disabilities

In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), the Department shall 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, and may be used to serve persons with disabilities in both participating and non-participating jurisdiction areas. 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.

For program year 2007, the Department will reserve $750,000 for the Persons with Disabilities Single Family Allocation, to be awarded to organizations serving persons with disabilities. These funds will be awarded through a competitive application and available statewide, subject to the Regional Allocation Formula. Funds will be awarded to single family projects that serve persons with disabilities, including homebuyer assistance, owner-occupied rehabilitation, and tenant-based rental assistance. Projects may be located statewide, including in participating jurisdictions. Organizations receiving an award under this allocation will receive an additional 4 percent of the total project funds for administrative costs.

Additionally, in accordance with 10 TAC 53.61, applicants applying for HOME funds under the Owner-Occupied Housing Assistance and Tenant-Based Rental Assistance programs must propose targeting at least 5 percent of the number of units proposed in the application, to persons who meet the definition of persons with disabilities. A waiver of this requirement may be requested by the applicant to the Department, if applicant is unable to document persons with disabilities that meet the HOME eligible requirements.

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.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HOME Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation. Using the 2007 Regional Allocation Formula, each region will receive the following amount of funding for use with activites subject to the formula. Funding figures will be included in the final document.

HOME Program 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	TBD	TBD	TBD	TBD	TBD	TBD
2	Abilene	TBD	TBD	TBD	TBD	TBD	TBD
3	Dallas/Fort Worth	TBD	TBD	TBD	TBD	TBD	TBD
4	Tyler	TBD	TBD	TBD	TBD	TBD	TBD
5	Beaumont	TBD	TBD	TBD	TBD	TBD	TBD
6	Houston	TBD	TBD	TBD	TBD	TBD	TBD
7	Austin/Round Rock	TBD	TBD	TBD	TBD	TBD	TBD
8	Waco	TBD	TBD	TBD	TBD	TBD	TBD
9	San Antonio	TBD	TBD	TBD	TBD	TBD	TBD
10	Corpus Christi	TBD	TBD	TBD	TBD	TBD	TBD
11	Brownsville/Harlingen	TBD	TBD	TBD	TBD	TBD	TBD
12	San Angelo	TBD	TBD	TBD	TBD	TBD	TBD
13	El Paso	TBD	TBD	TBD	TBD	TBD	TBD
	Total	TBD	TBD	TBD	TBD	TBD	TBD

HOME Program funding for FY 2007

The amount projected to be available from HUD in FY 2007 is $40,000,000. This is comprised of $39,350,000 of HOME funds plus $650,000 of ADDI funds. On February 15, 2006, the TDHCA Board approved the State HOME rules, 10 TAC 53. As part of this approval, applications submitted for Single Family non-development activities under a competitive application cycle may be accepted, reviewed, and recommended for an award, on an annual or biennial funding cycle. In FY 2006, HOME funds will be recommended for an award through a biennial funding cycle, and will include FY 2007 HOME funds.

Figure 4.1: 2007 HOME Program Funding

TDHCA will use the following method for allocating funds.

	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10.0%
CHDO Project Funds Set Aside (15% of PY 2007)[1, 2]	$6,000,000	15.0%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)[1]	$300,000	0.8%
Persons with Disabilities Single Family Allocation	$750,000	1.9%
Set Aside for Contract for Deed Conversions	$2,000,000	5.0%
Set Aside for Rental Housing Preservation Program	$2,000,000	5.0%
Set Aside for Rental Housing Development Program	$3,000,000	7.5%
Funds for Eligible Single Family Activities	$21,950,000	54.9%
Total PY 2007 HOME Allocation	$40,000,000	100%
PY 2007 American Dream Downpayment Initiative Funds	$650,000	
Total 2007 Funding	$40,650,000	

[1]The funding for these activities is not subject to the Regional Allocation Formula.

[2]$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute HOME funding for single family activities (PY 2007 HOME Allocation Single Family funds and American Dream Downpayment Initiative funds).

Activity	Funding Amount	% of Single Family Funding
Homebuyer Assistance	$2,260,000	10%
Owner-Occupied Housing Assistance	$16,950,000	75%
Tenant Based Rental Assistance	$3,390,000	15%
Total Single Family Activity Funding	$22,600,000	100%

For more information regarding single family activities, contact Sandy Garcia, Single Family Finance Production Division, at (512) 475-1391 or sandy.garcia@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; and for-profit entities. 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 the following:

- 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;
- the acquisition, rehabilitation, and new construction of affordable homeownership developments. Developments may be completed by a contracted developer or through Self-Help Construction.
- 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;
- predevelopment loans to nonprofit housing development organizations for eligible reimbursable costs associated with the planning and implementation of affordable housing activities;
- credit enhancements or security for repayment of revenue bonds issued to finance affordable housing, including payments or reservations of funds to securitize loan fund investments; 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 and 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 may remain affordable for a period up to 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. 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.

Capacity Building and Technical Assistance

The Department provided no funding for Capacity Building or Technical Assistance in FY 2006 due to expanded hurricane relief support. The Department may release a new NOFA in FY 2007, based on the annual funding plan approved by the Department's Board.

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 program has managed to create more than $34 million in affordable housing development for an investment of less than $3 million over the past 8 years. The Department anticipates releasing a new NOFA for the program in September 2006.

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. This program is not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1) of the Texas Government Code.

Disaster Relief

The Department reserved approximately $2.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for both homeowner assistance and rental rehabilitation activities.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTF Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation.

HTF Program 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	TBD	TBD	TBD	TBD	TBD	TBD
2	Abilene	TBD	TBD	TBD	TBD	TBD	TBD
3	Dallas/Fort Worth	TBD	TBD	TBD	TBD	TBD	TBD
4	Tyler	TBD	TBD	TBD	TBD	TBD	TBD
5	Beaumont	TBD	TBD	TBD	TBD	TBD	TBD
6	Houston	TBD	TBD	TBD	TBD	TBD	TBD
7	Austin/Round Rock	TBD	TBD	TBD	TBD	TBD	TBD
8	Waco	TBD	TBD	TBD	TBD	TBD	TBD
9	San Antonio	TBD	TBD	TBD	TBD	TBD	TBD
10	Corpus Christi	TBD	TBD	TBD	TBD	TBD	TBD
11	Brownsville/Harlingen	TBD	TBD	TBD	TBD	TBD	TBD
12	San Angelo	TBD	TBD	TBD	TBD	TBD	TBD
13	El Paso	TBD	TBD	TBD	TBD	TBD	TBD
	Total	TBD	TBD	TBD	TBD	TBD	TBD

Projected Housing Trust Fund Funding for FY 2007: TBD

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 $1.85 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.85 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. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

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 $12,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $6,000. 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 development 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 development 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 minority-owned businesses in the development and management of tax credit developments, and has established a minimum goal of 30 percent participation. The selection criteria for 2006 awards extra points to developments owned by historically underutilized businesses (HUBs) or that have a plan in place for utilizing HUBs, and also development location criteria including 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.

Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTC Program funds to each region using a need-based formula developed by the Department. Please see "2007 Regional Allocation Formula" in this section for further explanation. Using the 2007 Regional Allocation Formula, each region will receive the following amount of funding for use with activites subject to the formula. Funding figures will be included in the final document.

HTC Program 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	TBD	TBD	TBD	TBD	TBD	TBD
2	Abilene	TBD	TBD	TBD	TBD	TBD	TBD
3	Dallas/Fort Worth	TBD	TBD	TBD	TBD	TBD	TBD
4	Tyler	TBD	TBD	TBD	TBD	TBD	TBD
5	Beaumont	TBD	TBD	TBD	TBD	TBD	TBD
6	Houston	TBD	TBD	TBD	TBD	TBD	TBD
7	Austin/Round Rock	TBD	TBD	TBD	TBD	TBD	TBD
8	Waco	TBD	TBD	TBD	TBD	TBD	TBD
9	San Antonio	TBD	TBD	TBD	TBD	TBD	TBD
10	Corpus Christi	TBD	TBD	TBD	TBD	TBD	TBD
11	Brownsville/Harlingen	TBD	TBD	TBD	TBD	TBD	TBD
12	San Angelo	TBD	TBD	TBD	TBD	TBD	TBD
13	El Paso	TBD	TBD	TBD	TBD	TBD	TBD
	Total	TBD	TBD	TBD	TBD	TBD	TBD

Projected HTC Program Funding for FY 2007: $43,000,000

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 housing mortgage revenue bonds (MRBs) under the Private Activity Bond Program (PAB) 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 development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards. 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 developments 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 developments. Approximately $402 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $80 million, will be made available exclusively to TDHCA. On August 15th of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of $80 million. PAB Issuance authority per individual development 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 developments 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 2007 program year. Developments 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 Housing Tax Credits.

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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 2007: $150,000,000

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 2007: $125,000,000

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 5 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 or 115 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2007: 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 2007: $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.

LOAN STAR LOAN PROGRAM

The Loan Star Mortgage Program offers conventional, conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 8 percent down payment assistance. Target populations include low and moderate income households who may or may not have previously owned a home and require down payment assistance and seek minimal paperwork. Participating lenders statewide originate the mortgage loans.

The program is offered in conjunction with CitiMortgage Inc. using external market sources, and is intended to serve segments of the Texas homebuyer market not currently served by TDHCA's present tax-exempt bond program. An essential component of the Loan Star Mortgage Program is the down payment assistance achieved through a Fannie Mae MyCommunity second lien mortgage.

Projected Loan Star Lone Program funding for FY 2007: $20,000,000

For more information, contact Martha Sudderth, Single Family Finance Production Division, at (512) 475-3444 or martha.sudderth@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, community-based organizations, 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 2007: $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.

"Colonia" is a term borrowed from Spanish that is commonly used in Mexico to describe a type of neighborhood. In the United States, it is a geographic area located within 150 miles of the US-Mexico border that has a majority population comprised of individuals and families of low and very low income who commonly lack one or more public infrastructure services and 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

The Colonia Self-Help Center (SHC) program was created in 1995 by the 74th Legislature Senate Bill 1509, Texas Government Code Subchapter Z §2306.581 – §2306.591. Operation of the colonia self-help centers are funded from nonentitlement Community Development Block Grant (CDBG) 2.5 percent colonia set-aside fund, which is approximately $2.2 million per year and are transferred to the Department from the Office of Rural Community Affairs (ORCA) through a Memorandum of Understanding. CDBG funds can only be provided to eligible units of general local governments. The Tex. Gov. Code Ann §2306.582 authorizes the Department to establish SHCs in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties. Additionally, the Department, if it determines it necessary and appropriate, may establish a self-help center in any other county if the county is designated as an economically distressed area by the Texas Department Water Board. Since creation of the program, two additional SHCs have since been established in Val Verde County and Maverick County. The SHC program serves 28 colonias in the five counties designated by statute and two additional counties; the counties have approximately 10,000 colonia residents whom qualify as beneficiaries of these services.

The goal of a SHC is to improve the living conditions of residents in the colonias through key services including concentrated technical assistance in the areas of housing 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. Participants in the program must not earn more than 80 percent of the area median family income. Additionally, the properties proposed for this initiative must be located in a colonia area as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

Colonia Resident Advisory Committee

The SHC program is advised by the Colonia Resident Advisory Committee (C-RAC). Established by the Tex. Gov. Code Ann. §2306.584, the C-RAC is required to advise the Department of the needs of colonia residents, activities to be provided and programs to be administered in the selected colonias of the Colonia SHCs. Each county selects two colonia residents to serve on the committee. One of the two residents must reside in a colonia being serviced by the self-help center. 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 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 same legislation indicated that the Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2007; however, the directive is funded through the HOME program. HOME program rules require that any residence that participates in the program must be brought up to specific housing standards – for colonia areas, this standard is typically the Colonia Housing Standards. This requirement increases the total costs of the combined conversion and housing rehabilitation activities to approximately $55,000 per participating household. Therefore, the Department estimates that 73 homes will be served through the $4 million earmarked for this purpose. 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.

For FY 2007, the Department will set aside $2 million from the HOME Investment Partnership Program and anticipates releasing a NOFA in the fall of 2007. Units of general local government, public housing agencies, and nonprofit organizations are eligible entities to apply to provide deferred forgivable loans or grant funds to eligible colonia residents to achieve the goals of the CFD program.

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, participants may combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined monthly amortized loans may 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 2007: $7,200,000.

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; persons with disabilities; 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 2007: $38,700,738.

For more information, contact Amy Oehler, Energy Assistance Section, at (512) 475-3864 or amy.oehler@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; persons with disabilities; 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 2007: $13,542,228.

For more information, contact Amy Oehler, Energy Assistance Section, at (512) 475-3864 or amy.oehler@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 2007: TBD.

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 2007: TBD.

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.

As of printing of this draft Plan, no funds have been allocated from the Community Food and Nutrition Program. However, funding for this program may be restored later in the year, or for FY 2008.

Community Food and Nutrition Program funding for FY 2007: $0.

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 administers vouchers in 37 counties. TDHCA contracts with community action agencies, public housing authorities, and units of local government to assist the Department with the administration of 1,540 Housing Choice Vouchers.

Projected Section 8 Program funding for FY 2007: $9,000,000

For more information, contact the Section 8 Program at (512) 475-2634.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe, and correctly installed; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers, and brokers. The Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status, and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Division has its own governing board and executive director.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout the state. Those inspectors also assist TDHCA by inspecting properties for the Portfolio Management and Compliance Division and by inspecting and processing license applications for migrant farm worker housing facilities. The Division also handles approximately 2,000 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

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.

2007 REGIONAL ALLOCATION FORMULA

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban/exurban areas.

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.

Slightly modified versions of the RAF are used for the HOME and HTF/HTC because the programs have different eligible activities, households, and geographical service areas. For example, because at least 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

For the 2007 fiscal year, 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.

There are a number of local, state, and federal funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. In the 2006 fiscal year, resources from the following sources were used in the RAF: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

Please see the HOME, HTC, and HTF program sections for distribution figures. For more information on the RAF and further description of the formula, please contact Steve Schottman, Division of Policy and Public Affairs, at (512) 305-9038 or stephen.schottman@tdhca.state.tx.us.

2007 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.

2007 Community Services Block Grant Allocation Formula

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 2007, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

2007 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 believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

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 2006 goal and actual performance and the 2007 goal. Actual 2006 numbers were not available at the printing of this draft document, but will be included in the final document.

Goals one through five 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.

Note: 2005 Measures marked with an "*" were added to the 2006 Performance Measures by the 79th Legislature.

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.

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,727			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.

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,834			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.

2006 Measure	2006 Actual	% of Goal	2007 Measure
100			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.

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,100			2,100

1.5 Strategy: Provide federal tax credits to develop rental housing.
Strategy Measure: Number of multifamily households assisted with HTCs.

2006 Measure	2006 Actual	% of Goal	2007 Measure
18,832			20,151

*1.6 Strategy: Provide funding through the HOME Program for affordable multifamily housing.
Strategy Measure: Number of multifamily households assisted with HOME funds.

2006 Measure	2006 Actual	% of Goal	2007 Measure
741			647

*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.

2006 Measure	2006 Actual	% of Goal	2007 Measure
255			0

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.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
3,500			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.*

2006 Measure	2006 Actual	% of Goal	2007 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.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
600			600

****(B) Strategy Measure:*** *Number of colonia residents receiving assistance.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,700			1,700

****(C) Strategy Measure:*** *Number of entities and/or individuals receiving informational resources.*

2006 Measure	2006 Actual	% of Goal	2007 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.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
440,000			440,000

***(B) Strategy Measure**: Number of persons assisted that achieve incomes above poverty level.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,000			2,000

***(C) Strategy Measure:** Number of shelters assisted through the Emergency Shelter Grant Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
70			70

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.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
63,200			63,200

***(B) Strategy Measure:** Number of dwelling units weatherized through the Weatherization Assistance Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,800			4,800

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: Total number of monitoring reviews conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,700			4,554

***(B) Strategy Measure:** Total number of units administered.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
227,195			237,195

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: Total number of monitoring reviews conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
10,725			9,220

***(B) Strategy Measure:** Number of contracts administered.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
400			350

GOAL 5: TO PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.

5.1 **Strategy:** Provide titling and licensing services in a timely and efficient manner.
(A) Strategy Measure: *Number of manufactured housing statements of ownership and location issued.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
89,000			89,000

(B) Strategy Measure: *Number of licenses issued.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,435			4,435

5.2 **Strategy:** Conduct inspections of manufactured homes in a timely manner.
(A) Strategy Measure: *Number of routine installation inspections conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
8,000			8,000

****(B) Strategy Measure:*** *Number of non-routine installation inspections conducted.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
2,500			2,500

5.3 **Strategy:** To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.
Strategy Measure: *Number of complaints resolved.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
1,700			1,700

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

6.1 **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.*

2006 Measure	2006 Actual	% of Goal	2007 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 7: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

7.1 **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 for individuals and families earning between 31 percent and 60 percent of median family income.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
20%			20%

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 8: 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

8.1 **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.*

FY 2006-2007 Measure	FY 2006 Actual	% of Goal	FY 2006-2007 Measure
$4,000,000			$4,000,000

(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 9: 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.

9.1 **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.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
Ó20%			Ó20%

9.2 **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.

9.3 **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.

9.4 **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.

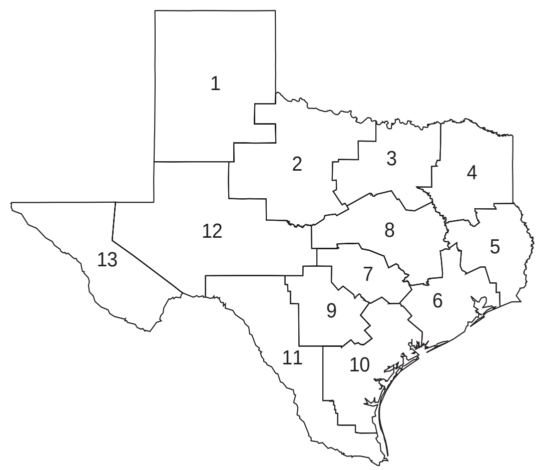
The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. In March 2006, TDHCA mailed out the 2006 Community Needs Survey to approximately 2,500 state representatives and senators, mayors , county judges , city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies, and Housing Opportunities for Persons with AIDS (HOPWA) agencies to gather preliminary input on local perceptions of housing, community affairs, and community development needs. TDHCA uses this input when preparing the Plan and in program planning and development.

PUBLIC HEARINGS

From July to September 2006, TDHCA worked on the draft version of the *2007 State of Texas Low Income Housing Plan and Annual Report.* Once completed, the draft was submitted to the TDHCA Board of Directors at the August 30, 2006, 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 1, 2006, edition of the *Texas Register*.

The formal citizen participation process for the *2007 State of Texas Low Income Housing Plan and Annual Report* will begin September 13, 2006, and end October 12, 2006. 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: Panhandle Regional Planning Commission, 3rd Floor Conference Room
415 W. 8th St., Amarillo
Wednesday, September 27, 2006, 12:00 pm

Reg. 2: Brownwood City Hall
501 Center Ave., Brownwood
Wednesday, October 4, 2006, 12:00 pm

Reg. 3: Dallas Public Library, Dallas West Room
1515 Young St., Dallas
Wednesday, September 27, 2006, 11:00 am

Reg. 4: Tyler Junior College, West Campus Room 110
1530 SSW Loop 323, Tyler
Wednesday, September 27, 2006, 5:30 pm

Reg. 5: South East Texas Regional Planning Commission
2210 Eastex Freeway, Beaumont
Wednesday, October 4, 2006, 5:30 pm

Reg. 6: Houston City Hall
901 Bagby, Houston
Thursday, October 5, 2006, 11:00

Reg. 7: Joe C. Thompson Conference Center, Second Floor Room 210
2405 Dedman Dr., Austin
Monday, October 2, 2006, 5:30 pm

Reg. 8: Brazos Valley Council of Governments, Brazos B Room
3991 East 29th St., Bryan
Thursday, September 28, 2006, 11:00 am

Reg. 9: Bazan Library
2200 W. Commerce St., San Antonio
Friday, September 22, 2006, 11:00 am

Reg. 10: Omni Bayfront Hotel
900 North Shoreline Blvd., Corpus Christi
Thursday, September 21, 2006, 3:30 pm

Reg. 11: Harlingen Public Library, Auditorium
410 76th Dr., Harlingen
Tuesday, October 10, 2006, 11:30 am

Reg. 12: Permian Basin Regional Planning Commission
2910 LaForce Blvd., Midland
Thursday, October 5, 2006, 11:00 am

Reg. 13: El Paso City Council Chambers, 2nd Floor
2 Civic Center Plaza, El Paso
Thursday, September 28, 2006, 11:00 am

Each public hearing will address the Plan, as well as the following topics:

- 2007 State of Texas Consolidated Plan: One-Year Action Plan
- TDHCA Compliance Monitoring Policies and Procedures
- Energy Assistance Rules
- Community Services Block Grant Rules
- Emergency Shelter Grants Program Rules
- Housing Tax Credit (HTC) Qualified Allocation Plan and Rules (QAP)
- Housing Trust Fund (HTF) Program Rules
- Multifamily Bond Program Rules
- HOME, HTC, and HTF Affordable Housing Needs Score
- HOME, HTC, and HTF Regional Allocation Formula
- TDHCA Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines

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

Comment on the *2007 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

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the TDHCA 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 do the following:

- 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 in order to better serve the targeted colonia population.
- Provide consumer 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 meet current and future community needs.
- Serve as a conduit for colonia residents by soliciting input into major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions characterized by high levels of poverty and substandard living conditions. These communities are commonly called “colonias.” Some colonias are newly formed, but many have been in existence for over 40 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. However, a majority of the colonias emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford homes in cities or access to conventional financing mechanisms.

Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural, mostly unincorporated communities principally located along the US-Mexico border in the states of California, Arizona, New Mexico, and Texas (with the vast majority located in Texas). Colonias frequently exhibit high poverty rates and substandard living conditions relative to US standards; however, colonias are primarily defined primarily by what they lack, including services such as public water and wastewater systems, paved streets, drainage, and safe and sanitary housing.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border; however, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the international boundary. It should be noted that these figures represent only the documented colonias; there may be many small, rural colonias that have, as of yet, gone unidentified. Currently, Hidalgo County has the largest group of colonias, at 847 known colonias for 2006. From US Census data, counties representing the largest colonia populations (El Paso, Starr, Hidalgo, and Cameron) also have Hispanic or Latino groups of over 88 percent; the state average is at 34.6 percent. The 13 counties running along the Texas-Mexico border have an average Hispanic or Latino population of 74.2 percent.

According to 2000 US Census records, the population of counties representing the largest amount of colonias had an estimated 1,890,505 persons. 2005 estimations show an increase of 237,869 for these counties elevating the population to 2,128,374. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo, and Cameron counties have shown an increase in population of 12.3 percent, which surpasses the state average increase of 9.6 percent. A 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreases include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg, and Brooks.[91]

US Census data for the 2003 median household income for Texas was $39,967, while the median household income for the Texas-Mexico border averaged $26,606 based on county averages for Texas. Zavala County had the lowest median household income of $18,553 while Collin County (Northeast Texas) had the highest median household income of $74,136. Of the larger border cities such as El Paso,

[91] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.

McAllen, Brownsville, Corpus Christi, and Laredo, the 2000 average median values of owner-occupied housing units was $69,640 with Laredo presenting the highest values at $77,900.[2]

Affordable housing has been hard to come by in the Border region mainly because the rapidly growing population still remains poor. Counties running along the Texas-Mexico border account for some of the highest poverty rates in the state and in some counties are double than the state average rate for 2003. According to US Census data, in 2003, the state average rate for persons below poverty was 16.2 percent, while the average poverty level of counties running along the Texas-Mexico border was at 25.3 percent. Counties with the highest amount of colonias (El Paso, Starr, Hidalgo, and Cameron) however, show averaged poverty levels at 31.5 percent--a doubling of the state poverty rate. Counties like Dimmit and Starr, at 32.7 percent and 36.2 percent respectively, are even higher. While there are many pockets of poverty throughout Texas, no other counties in Texas show countywide poverty rates as high as those along the Texas-Mexico border.

HOUSING

According to a review completed by the Texas Comptroller's Office, most builders would have a difficult time building houses for a sale price of less than $60,000 to $70,000. Houses in this price range would typically be affordable to workers earning $12 to $14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some homebuilders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.[3] Land acquisition and development can add $10,000 to $20,000 to the cost of a house. For a new subdivision, the acquisition cost may be only a few thousand dollars per lot. But the 1998 cost of infrastructure—such as streets, power, and water—could be as much as $15,000 per lot or higher in some areas.[4]

Owner construction in colonias can face significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is to be built within a short, sometimes impractical time. Second, lenders are typically reluctant to lend funds for owner construction because there is no collateral. Third, owner builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Some governmental housing programs limit the private housing market from serving border residents because they offer no profit incentive for housing professionals, builders, lenders, and real estate agents to serve low-wage workers. Program administrators acknowledge profit as an ingredient in encouraging home construction.

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[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.
[3] Bordering the Future: Homes of Our Own. Windows on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.
[4] Bordering the Future: House Prices Reflect Production Costs. Window on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, Nov. 20, 1997.

ACTION PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how carious initiatives and programs will be implemented for 2006-2007.

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide loan program that funds certified nonprofit organizations and enables owner-builders to purchase real estate, and construct or renovate a home. The 77th Legislature amended this program under Senate Bill 322 (2001) with a legislative directive requiring continuation of an Owner Builder Loan Program through 2010.

In accordance with Section 2306.753(d) of the Texas Government Code, Title 10, as amended, the Department shall set aside at least two-thirds of the available funds for owner-builders whose property is located in an Economically Distressed Area Program (EDAP) county, as defined under Subchapter K, Chapter 17, Water Code. The remainder of the funding will be available to the Department certified nonprofit Owner-Builder Housing Programs in the State of Texas. The maximum amount of funding per organization will be $600,000.

The program promotes and enhances homeownership for low income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of 60 percent of the labor required to build or rehabilitate the home. Total loans from the Department and from other entities cannot exceed $60,000 per unit. The Department committed over $8.4 million over the biennium (FY 2006-2007) to implement this initiative from the Housing Trust Fund. TDHCA anticipates releasing another NOFA in the amount of $6,000,000 for FY 2008-2009 in August 2007.

CONTRACT FOR DEED CONVERSION PROGRAM

The Contract for Deed Conversion (CFD) Program is designed to help colonia residents become property owners by converting their contracts for deeds into warranty deeds. Participants in the program must not earn more than 60 percent of the area median family income, 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 Texas Department of Housing and Community Affairs' definition of a colonia. By converting contracts for deed into traditional mortgages, this program enables colonia residents to build equity in their homes.

The 79th Legislature passed a Rider 11 to the Department's appropriation in the General Appropriations Act requiring the Department to spend no less than $4 million and convert no less than 400 contracts for deeds into warranty deeds for the biennium September 1, 2005 through August 31, 2007. The Department cannot meet the 400 required contracts for deed conversions due to the amount and source of funding dedicated to this program. The Department utilizes the HOME Investment Partnerships Program as the source of funds to finance the CFD program. HOME Program rules and regulations also require the home to meet a certain standard, which requires additional funds. The Department estimates approximately 73 conversions will be achieved with the $4 million due to the cumulative cost of each conversion approximating $20,000 with an additional $35,000 in owner-occupied housing rehabilitation to meet, at a minimum, Colonia Housing Standards. In order to meet this legislative mandate, the Department will need to set aside approximately $20,000,000 of HOME funds to meet this mandate, which represents approximately half of the total annual HOME allocation to the Department.

For FY 2007, the Department will set aside $2 million from the HOME Program and anticipates releasing a NOFA in fall 2007. Units of general local government, public housing authorities, and nonprofit organizations are eligible entities to apply to provide deferred forgivable loans or grant funds to eligible colonia residents to achieve the goals of the CFD program.

Colonia Self-Help Centers

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter Z §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties. This program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Five colonias in each county are identified to receive concentrated attention from its respective SHC. Operation of the colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to carry out the functions of a SHC.

These colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach, and education. In addition, on-site technical assistance is provided to colonia residents. Key services to the designated colonias within each county receive technical assistance in the areas of housing 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 three OCI border field offices provide technical assistance to the counties and SHC.

The SHC program serves 28 colonias in the five counties designated by statute and two additional counties of Maverick and Val Verde. Each county has approximately 10,000 colonia residents whom qualify as beneficiaries of these services. County officials conduct a needs assessment to prioritize needs within the colonias and publish a Request for Proposal (RFP) to provide services as identified by organizations in the county. Nonprofits in the county respond to the RFP, and in addition, the nonprofits and colonia residents also recommend to the county which colonias should receive services in each county. Each SHC is allocated sufficient funds to provide services within the designated colonias, and if applicable can provide limited assistance outside the service area. The Department contracts with the counties that subcontract with nonprofit organizations to administer the SHC program. The county oversees their implementation of contractual responsibilities and insures accountability.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program 2.5 percent colonia set-aside, which is approximately $2.2 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Office of Rural Community Affairs. 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 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 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.

This legislation 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 colonia residents to serve on the committee; one of the two residents must reside in a colonia being serviced by the SHC. The Department's board of directors appointed the current members to the C-RAC on September 19, 2001, and the committee includes 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 Colonia Resident Advisory Committee (C-RAC) has been instrumental in voicing the concerns of the targeted populations and has helped both the Department and the colonia SHCs to develop useful tools and programs to address colonia resident needs. Most recently, the Department has assisted the Texas Secretary of State to coordinate meetings with the C-RAC to address concerns of the colonias as mandated by Senate Bill 1202. The Department is also updating the MITAS and Central Data Systems to track funding in the colonias as mandated by Senate Bill 827.

BORDER FIELD OFFICES

OCI manages three border field offices located in El Paso, Laredo, and Edinburg. These border field offices administer, at the local level, various OCI programs and services and provide technical assistance to nonprofits, for profits, units of general local government, other community organizations and colonia residents along the Texas-Mexico border region. Current funding for the border field offices is partially funded from General Revenue, Bond Funds, and the HOME and CDBG programs. OCI will continue to maintain these three border field offices and will continue to act as a liaison between nonprofit organizations and units of local government.

Occasionally, there is funding available to communities and organizations in the colonias to support local programs. Technical assistance will be produced to assist nonprofit organizations to locate funding and, once the funding is identified, assistance on how to write a successful grant proposal will also be provided. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within its rules and program guidelines. Many communities and organizations struggle to deliver service to its colonia residents due to capacity and financial issues, therefore, the Border Field Offices anticipate approximately 700 technical assistance visits for FY 2007 to nonprofit organizations and units of local government.

The Department recognized the need for consumer education topics such as filing homestead exemptions, knowing their property rights under contract for deed, and homeownership counseling. 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 House Bill 1823, which was passed during the 79th Regular Legislative Session (2005) and allows residential contract for deed buyers to have their contacts converted from a deed to a deed in trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the colonia SHCs and OCI Border Field Offices.

CONCLUSION

Border Texans choose life in colonias because they want what other Texans want—to live the "American Dream" and have a home they can call their own—and they will make tremendous sacrifices to accomplish this goal. In steadfast pursuit of their dreams, colonia residents sometimes have fallen victim to unscrupulous developers. Household by household, family by family, colonia residents demonstrate an admirable and extremely practical commitment to making a home.

According to Adam Carasso, "no asset is more important in achieving these objectives than owner-occupied housing. Home equity is the primary source of private saving for most-middle income households, exceeding both retirement plans and savings accounts." While 69 percent of all households are headed by homeowners, a record high reached in 2004, many low income populations are left out. Only half of the households in the lowest fifth of the income scale are homeowners, and the homeownership rates among both Blacks and Hispanics are slightly under 50 percent.[9]

While the effort to increase affordable housing has been successful so far, the issues surrounding border colonias and their residents still persist. The Department continues to work with various organizations, units of local government, state and federal agencies to provide every possible mean available to assist residents in the colonias. TDHCA housing programs have helped fuel the Texas economy. According to the National Association of Home Builders, estimations from the building of 100 single-family homes generates 250 full-time jobs in construction and construction-related industries, $11.6 million in local income, and $1.4 million in taxes and other revenue for local government.[6]

[9] Carraso, Adam., Bell, Elizabeth., Olsen, Edgar O., Steuerle, Eugene C. Improving Homeownership among Poor and Moderate-Income Households. The Urban Institute. No.2. June 2005.

[6] Community Reinvestment and State Agency Programs: An Update on Community Reinvestment in Texas. Window on State Government. Texas Comptrollers of Public Accounts. February 2005. Taken from National Association of Homebuilders, The Local Impact of Homebuilding in Average City, USA, http://www.nahb.org/fileUload_details.aspx?contentID-544. Viewed November 8, 2004.

PUBLIC COMMENT ON THE COLONIA ACTION PLAN

Public comment on the Colonia Action Plan will be included in the final version of the document.

SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

In accordance with Section 2306.0721(h), the Texas State Affordable Housing Corporation (TSAHC) Annual Action Plan is included in the 2006 SLIHP.

Sec. 2306.566 of the Texas Government Code reads:

COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.

- *(a) The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).*
- *(b) The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.*
- *(c) The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

This is the 2006 Plan. The final 2007 Plan will be included in the final draft document.

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OVERVIEW

This report is prepared in accordance with SB 284, 78th Session, which requires the Texas Department of Housing and Community Affairs ("TDHCA") and the Texas State Affordable Housing Corporation ("Corporation") to coordinate regarding the State Low Income Housing Plan ("SLIHP"). The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the need assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state and provide affordable housing through methods that do not duplicate those of TDHCA or local housing organizations. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single-family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter and Law Enforcement or Security Officer Home Loan Program, and the newest program, (3) the Nursing Faculty Home Loan Program. Since April 2001, the corporation has issued over $600 million in single-family and multifamily mortgage revenue bonds. To date, the Corporation has provided over 8,362 units of affordable multifamily housing to low income Texans. The Corporation has also served 570 income eligible individuals and/or families through its first-time homebuyer single-family programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a non-member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state.

GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 million and 25.9 million and by 2040 between 35.0 million and 50.6 million.[92]
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.[93]
- Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily 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.[94]
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[95]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years placing a high demand for educators.[96]
- Population growth will mean increased public service demands and expanding markets for Texas.[97]
- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevent first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home.[98]
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2004-2005 ranges from $24,240 per year for 0 years experience to $40,800 per year for 20 or more years of experience.[99]

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[92] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[93] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[94] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[95] Ibid.
[96] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[97] Ibid
[98] National Association of Home Builders, *News Details; March 24, 2004.*
[99] Texas Classroom Teachers Association: *State Minimum for 2004 year.*

- A base salary chart for Texas police officers ranges from $32,944 per year to $46,644.[100]
- A base salary chart for Texas firefighters ranges from $24,944 per year to $41,573. [101]
- The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries, and fewer faculty applicants.[102]

MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[103]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[104]
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[105]
- Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.[106]
- In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.[107]
- 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 in

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[100] Salary.com
[101] Ibid.
[102] Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).
[103] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[104] Ibid.
[105] Ibid.
[106] Ibid.
[107] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).

larger metropolitan areas and targeting higher income individuals and families.[108] Cities with populations between 20,000 and 50,000 have a particularly hard time accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.[109]

- According to the US Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are “overcrowded”; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities, and waste facilities.[110]
- Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80’s and early 90’s created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas’ smallest towns.[111]
- As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.[112]

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2006. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2006. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon our own initiative to fulfill housing needs for identified underserved areas of the state.

[108] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.
[109] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[110] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[111] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[112] 2000 U.S. Census Data

TSAHC PROGRAM DESCRIPTIONS

TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM
TEXAS FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICE HOME LOAN PROGRAM
NURSING FACULTY HOME LOAN PROGRAM

These Programs represent the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The Programs were established by the Legislature in 2001, 2003, and 2005, respectively, and allocate a total of $55 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single-family mortgage loans to Texas Professional Educators ($25 million), Fire Fighters, Law Enforcement Officers, and Corrections Officers ($25 million), and Nursing Faculty ($5 million) who are first-time home buyers.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent down payment assistance of the mortgage loan amount in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2004 Professional Educator Home Loan Program fully originated the $25,000,000 bond fund allocation. In July 2005, the Corporation issued $25,000,000 in mortgage revenue private activity bonds for additional loans to professional educators, of which, $8,956,000 is already committed for new loans. Since its inception in 2001, the program has financed 418 homes for professional educators.

As of September 2005, the Fire Fighters and Law Enforcement or Security Officers Home Loan Program had issued $15,500,000 in loan commitments, which has or will finance 152 homes. The Nursing Faculty Home Loan Program was established by the Legislature in 2005. The Corporation plans to issue bonds to fund the program this year.

2006 Implementation Plan

The Corporation's primary goal for 2006 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending teacher, police officer, firefighter, home builder, real estate agent, and lender association conventions and trade shows in 2005 and 2006.

The eligibility for the Fire Fighter and Law Enforcement or Security Officer Home Loan Program was expanded by the Legislature in 2005 to include county law enforcement officers and to include corrections officers. As a result, the Corporation has and will continue to reach out to these newly eligible homebuyers through meetings with the Texas Department of Criminal Justice and county law enforcement organizations. The Corporation will also provide information to the nursing faculty centers across the state to let their educators know that they are now eligible for a home loan through the

Nursing Faculty Home Loan Program. In addition, the Corporation will continue to train and develop relationships with mortgage lenders who represent the Programs to the borrowers.

AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option than to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Corporation, provides borrowers with an affordable mortgage financing option that will allow them the opportunity to achieve homeownership. As a result of this partnership, Ameriquest has committed up to $100 million dollars for mortgage loans and the Corporation has committed $1 million dollars for down payment assistance to the Program.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and that are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance in an amount up to seven percent (7%) of the mortgage loan amount. In addition, the Program rewards borrowers who make timely mortgage payments with lower interest rates and lower mortgage payments. Borrowers will receive a 50 basis point (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments. As a result, Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan.

The Corporation and Ameriquest believe home buyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre and post-closing Home Buyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

Since 2004, the Program has provided 36 loans to individuals and families who otherwise might not have achieved the dream of home ownership.

2006 Implementation Plan

The initial release of the Program in 2004 was limited to south Texas through a local affordable housing provider (CDC Brownsville). In 2005, the Corporation released the Program statewide and continues to market the program to local community development corporations, non-profits and other entities involved in affordable housing. The Corporation will also begin an aggressive marketing campaign in 2006, by starting a 1-800 phone number in conjunction with an on-line application system and through the issuance of press releases and other marketing materials.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation so that local governments could be more involved in assessing and addressing their own local multifamily housing needs and at the same time could use the expertise of the state to issue the bonds. The available amount for funding in 2005 was approximately $40 million, and a similar amount will be available for 2006. Nonprofit and for profit developers can use the funds to finance acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers to provide the specific housing development addressing the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, migrant farm worker, or other specific housing need. Applications received in response to the request for proposal issued by the Corporation will be scored and ranked using criteria which analyzes financial feasibility and overall quality of the proposed Development. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the RFP, subject to available allocation.

The Corporation issued requests for proposals in 2005 for Arlington, Corpus Christi, and El Paso. The Corporation received an application for development under the Corpus Christi RFP. The development known as the North Side Manor Apartments was not induced due to federal subsidy factors that made the transaction financially infeasible.

2006 Implementation Plan

In previous years, the Corporation targeted multifamily housing by specific geographic areas based on local need and community support from local government. However, targeting specific geographic areas has limited the Corporation's ability to meet the housing needs of the state and discouraged many developer organizations from applying. For the 2006 program, the Corporation is targeting specific areas of housing need for which current funding sources are insufficient or not readily available. The targeted areas of housing need might include targets such as rehabilitation, senior housing, rural housing pools, or migrant farm worker housing that would be solicited through a statewide request for proposal.

This new program focus is based on current research and information received during the two previous year's solicitations. In 2004 and 2005 the Corporation solicited participation in the private activity bond program by sending letters to mayors of all cities with a population over 10,000 people and all county judges. Discussing the various needs with each interested city and county highlighted the diversity of needs for different areas of Texas. The larger metropolitan areas believed they were saturated with multifamily housing, but were interested in rehabilitation or redevelopment of existing multifamily housing that had fallen into disrepair. Cities with a lower population, generally not in urban areas, expressed interest in developing new multifamily housing to fill their affordable housing needs. However, addressing these needs on a geographic, city by city, basis was not practical. For instance, the development of

affordable housing units in rural areas was requested, but a single rural development of approximately 40 units could not realistically be financed with bonds.
However, by pooling together several rural developments and using these economies of scale, a rural pool bond transaction could meet the financial feasibility test and would meet the needs of several rural communities. This need could be met in a specific "rural pool" request for proposal. Similarly, Corporation staff has identified senior housing and migrant farmworker housing as potential target areas for which specific requests for proposals could be issued.

For some of the targeted areas of housing need mentioned above, 4 percent tax credits and tax-exempt bonds together are not sufficient to provide a positive cash flow to developments in areas where the area median income is lower than the state average. Funding sources from outside these traditional financing methods must be obtained. Possible sources of funds may include monies from the HOME and Housing Trust Fund programs, USDA/Rural Housing Service, and grants from other interested groups specific to the housing need.

The Corporation will target areas of housing need in October and November of 2005 and will issue requests for proposals to meet those housing needs by January 2006. The deadline to turn in a proposal will be outlined in the specific request. We anticipate a submission deadline for all proposals between December of 2005 and March of 2006.

Multifamily 501(c)(3) Bond Program

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation's PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided $487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes requiring that any benefit of abated property tax must be transferred dollar-for-dollar into a public benefit program. In sum, the 501(c)(3) bond program has become inactive for many reasons, including the softening of the market for affordable housing in metropolitan areas, the fact that 4 percent tax credits cannot be used, and that abated property taxes cannot be used to pay off debt service.

2006 Implementation Plan

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing. Non-profit developers may choose to apply under the Corporation's Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

MULTIFAMILY DIRECT LENDING PROGRAM

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas. The major focus of this program is to provide financing for smaller developments in rural and underserved areas of the state where bond financing is not practical. The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust, Inc. and the Federal Home Loan Bank of Dallas have been the Corporation's principal partners for this program.

In 2003 and 2004, the Corporation provided permanent financing in the aggregate amount of $5,628,000 for five (5) separate developments in Odessa, Wichita Falls, Big Spring, Brady, and Stephenville. These developments have provided 412 units of affordable housing to low income Texans.

2006 Implementation Plan

The Corporation is committed to administering and marketing our capabilities under this program in 2006. To this effort, the Corporation will market the program on its website and at public hearings across the state and will provide information to current and previous clients of the Corporation. In addition, our principal partners in this program will refer Texas based clients to the Corporation to meet their financing needs on the local level. Since the Federal Home Loan Bank requires a 25 percent risk sharing component on each loan, the Corporation will pursue this program primarily through the Community Development Trust, Inc. so as not to restrict the Corporations ability to use available financial resources for other programs.

ASSET OVERSIGHT AND COMPLIANCE

Asset Oversight of properties is required by many issuers of bonds, including the Corporation and TDHCA, to monitor the financial and physical health of a property and ensure that the bonds can be repaid at the rate required in the bond documents. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are provided to all residents of the property. Periodic on-site inspections and resident file review of affordable units ensure that all federal requirements relating to the tax-exempt status of the bonds are strictly adhered to.

The Corporation is currently providing asset oversight for 86 properties and compliance oversight for 38 properties. The Corporation staff performs yearly on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

2006 Implementation Plan

The Corporation will continue to provide asset oversight and compliance monitoring for our current portfolio. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. Compliance monitoring and asset oversight revenues would continue to be used to fund current single family and multifamily programs.

GRANT PROGRAM

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation has not actively pursued fundraising and grant opportunities. However, the Corporation provided the Single Family Professional Educator, Fire Fighter, Police Officer and Security Officer Programs $400,000 from its cash reserves for down payment assistance in 2002, $200,000 in 2004, and over $400,000 in 2005. For the 2004 Private Activity Bond Program the Corporation provided from cash reserves a $500,000 soft second loan for the Providence at Marshall Meadows development in San Antonio. The Corporation does not receive state appropriations and cannot sustain this level of subsidy for its programs and continue to stay in business. Both of these experiences, as well as reviewing other critical unmet housing needs identified by TDHCA and the Corporation, have prompted us to pursue the creation of a Grant Program to fund the following programs: Single Family Down Payment Assistance, Multifamily Gap Financing Assistance, Homebuyer Education, and an Interim Construction and Land Acquisition Program.

2006 Implementation Plan

The Corporation's mission of affordable housing matches many foundation and grant objectives, and provides multiple opportunities for corporate sponsorship and cross-promoting. In 2006 the Corporation will create a Fundraising and Grant Program Action Plan that includes specific multifamily and single family needs, matches them with appropriate corporate, foundation, or grant resources, and establishes activities and a timeline within which to pursue those resources.

For instance, the Corporation will solicit corporate partners in the home improvement, home appliance, and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer, and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program, and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2006.

In addition, the Corporation will apply for HUD grants and other government grants that target rural housing, or other housing need that the Corporation targets for its Private Activity Bond Program.

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: In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

State Recipient:	A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.
Subrecipient:	A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.
Substandard Condition but Suitable for Rehabilitation:	By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.
Substantial Rehabilitation:	Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.
Supportive Housing:	Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.
Supportive Services:	Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.
Tenant-Based Rental Assistance:	A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.
Threshold Criteria:	To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.
Total Bonded Indebtedness:	All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances:	A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.
Very Low Income:	Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.
Work Disability:	A condition that prevents a person from working or limits a person's ability to work.

Division of Policy and Public Affairs

BOARD ACTION REQUEST

August 30, 2006

Action Items

2007 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)

Required Action

Release for public comment of the *2007 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)*

Background

The Texas Department of Housing and Community Affairs, Office of Rural Community Affairs, and Department of State Health Services are preparing the *2007 State of Texas Consolidated Plan: One-Year Action Plan* (Plan) in accordance with 24 CFR §91.320.

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development for Program Year 2007. The Program Year begins on February 1, 2007, and ends on January 31, 2008. The Plan covers the State's administration of the Community Development Block Grant Program, Emergency Shelter Grants Program, the HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS Program. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*.

The Plan will be available for public comment from September 13, 2006, through October 12, 2006. Comment on the Plan may be provided in writing or directly at one of 13 Consolidated public hearings to be held across the state.

Summary of Changes from 2*006 Consolidated Plan: One-Year Action Plan*

- Addition of progress in implementing new HUD CPD Outcome Performance Measurement System changes for each program area (pp. 12 [ESGP], 27 [HOME])
- HOME Program: Removal of HOYO direct award of $500,000 and creation of Persons with Disabilities Single Family Allocation. (pp. 13, 20)
- HOME Program: Reduction of single family homebuyer assistance allocation from 20 percent to 10 percent. (pp. 13, 17)
- HOME Program: Addition of biennial funding language using FY 2007 funds. (p. 14)
- HOME Program: Removal of the restriction that activities funded in participating jurisdictions under the 5 percent persons with disabilities allowance be multifamily developments only. (p. 20, 22)

2007 State of Texas Consolidated Plan One-Year Action Plan

(Draft for Public Comment)

September 2006

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2007 State of Texas Consolidated Plan
One-Year Action Plan
(Draft for Public Comment)

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INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the *2007 State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the description "Departments" is used.

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2007. The Program Year begins on February 1, 2007, and ends on January 31, 2008. The performance report on PY 2006 funds will be available in May 2007. The Plan covers the Departments' administration of the Community Development Block Grant Program (CDBG), Emergency Shelter Grants Program (ESG), and the HOME Investment Partnerships Program (HOME), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the Departments' strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The plan consists of the following sections:

- Introduction. Provides an outline of the One-Year Action Plan.
- Form Applications and Certifications. Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- Action Plans. Program-specific plans for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- Other Activities. A description of TDHCA's plan to undertake other activities that fulfill requirement of §91.320 (f).
- Summary of Public Comment. Describes the citizen participation process. Also includes a summary of public comment and Departmental responses. Transcripts of public hearings and complete copies of submitted comments are also available from the TDHCA Division of Policy and Public Affairs at (512) 475-3976. Public comment will be included in the final version of the document.

ACTION PLAN REQUIREMENTS

§ 91.320 ACTION PLAN

The action plan must include the following:

(a) <u>Form application.</u> Standard Form 424;

(b) <u>Resources.</u>

(1) <u>Federal resources.</u> The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with § 91.315. These resources include grant funds and program income.

(2) <u>Other resources.</u> The consolidated plan must indicate resources from private and non Federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the State deems it appropriate, it may indicate publicly owned land or property located within the State that may be used to carry out the purposes stated in § 91.1;

(c) <u>Activities.</u> A description of the State's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year and how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan;

(d) <u>Geographic distribution.</u> A description of the geographic areas of the State (including areas of minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically;

(e) <u>Homeless and other special needs activities.</u> Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30% of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, and to address the special needs of persons who are not homeless identified in accordance with § 91.315(d);

(f) <u>Other actions.</u> Actions it plans to take during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives. (See §91.315 (a), (b), (f), (g), (h), (i), (j), (k), and (l).)

(g) <u>Program-specific requirements</u>. In addition, the plan must include the following specific information:

(1) CDBG. The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria--if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a State

elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the State's process and criteria for approving local governments' revitalization strategies. (The statement of the method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.)

(2) HOME.

- *i. The State shall describe other forms of investment that are not described in Sec. 92.205(b) of this subtitle.*
- *ii. If the State intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in Sec. 92.254 of this subtitle.*
- *iii. If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the State will refinance existing debt. At minimum, the guidelines must:*
  - *A. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.*
  - *B. Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.*
  - *C. State whether the new investment is being made to maintain current affordable units, create additional affordable units or both.*
  - *D. Specify the required period of affordability, whether it is the minimum 15 years or longer.*
  - *E. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR Sec. 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.*
  - *F. State HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.*

(3) ESG. The State shall state the process for awarding grants to State recipients and a description of how the State intends to make its allocation available to units of local government and nonprofit organizations.

(4) HOPWA. The State shall state the method of selecting project sponsors.

STANDARD FORM 424 AND STATE CERTIFICATIONS

The standard 424 forms and state certifications will be included in the final version of the document.

ACTION PLANS

COMMUNITY DEVELOPMENT BLOCK GRANT
TEXAS COMMUNITY DEVELOPMENT PROGRAM 2007 ACTION PLAN

To be included in the final draft version of the document.

EMERGENCY SHELTER GRANTS PROGRAM 2007 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2007

TDHCA expects to receive $5,076,683 for PY 2007. This estimate is based on Texas's ESGP allocation for PY 2006, which was $5,076,683.

RECIPIENTS

Units of general local government; private nonprofit organizations.

ESTIMATED PY 2007 BENEFICIARIES

TDHCA estimates that in PY 2007 the Department will fund 76 private nonprofit entities and units of general local government to administer projects that will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Several of the entities have been funded for collaborative projects with 17 organizations. The Department estimates that 79,000 homeless persons will be assisted in PY 2007.

TARGETED BENEFICIARIES

Homeless individuals and individuals at risk of homelessness.

FUND DISTRIBUTION

TDHCA has administered the Emergency Shelter Grants Program (ESGP) since 1987. TDHCA will administer the S-04-DC-48-0001 ESGP funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate PY 2007 ESGP funds through a statewide competitive application process. ESGP funds are reserved for each of the State's 13 Uniform State Service Regions based on the poverty population of each region based on the 2000 US Census. A portion of the State's ESGP allocation will be reserved to fund a statewide homeless prevention project. In the past, this statewide project has addressed the expansion of the number of homeless coalitions, the provision of training and technical assistance on homeless issues, and the maintenance of a homeless information resource library.

OBJECTIVES

The objectives of ESGP consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting statewide efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESGP funds using the competitive process described in the ESGP One-Year Action Plan. In that process, up to 30 percent of the State's ESGP annual allocation is made available to support homelessness prevention activities, and up to 30 percent of the ESGP annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESGP funding are required to demonstrate coordination with other providers in their communities as part of the ESGP scoring criteria. ESGP grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESGP funding includes information about the outreach process and case management system used by the applicant organization.
- Each application for ESGP funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESGP funding.
- ESGP grant recipients will be required to report on outcomes achieved by homeless persons assisted. Reporting on outcomes will provide the Department with information on the long-term impact of the services provided such as the attainment of transitional housing or permanent housing, obtaining a GED or high school diploma or the achievement of other education and training goals, obtaining job skills, job placement, etc.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund 76 projects in PY 2007. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting statewide efforts to address homelessness:

- The State will continue to fund a statewide homeless prevention project to expand the number of homeless coalitions, provide training and technical assistance on homeless issues, and maintain a homeless information resource library. In the past, the Texas Homeless Network (THN) has been awarded the competitive grant to operate the statewide project. THN is the only private, nonprofit organization that addresses homelessness issues statewide.

- Historically, Texas has not received all of the Continuum of Care funds HUD reserved for this State due to a lack of viable applications. The Texas Homeless Network has conducted technical assistance workshops at no cost to local organizations which applied for HUD Continuum of Care funds. In 2006, THN also coordinated and submitted the State's application to HUD for Continuum of Care funds for the Balance of State. ESGP funds are not utilized for these activities.

ELIGIBLE ACTIVITIES

ESGP funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.

2. Provision of essential services, including, but not limited to, the following:
   a) Assistance in obtaining permanent housing
   b) Medical and psychological counseling and supervision
   c) Employment counseling
   d) Nutritional counseling
   e) Substance abuse treatment and counseling
   f) Assistance in obtaining other federal, state, and local assistance
   g) Other services such as child care, transportation, job placement, and job training
   h) Staff salaries necessary to provide the above services

   These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESGP must be provided in a nondiscriminatory manner.

3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESGP grant may be used to pay operation staff costs.

4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

RECIPIENT REQUIREMENTS

Recipients of ESGP funding are required to meet certain minimum specifications that include, but are not limited to, the following:

1. Being a unit of general local government or private nonprofit organization.
2. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
4. Assuring that ESGP subrecipients obligate funds within 180 days from the date that the Department received the award letter from HUD.
5. Documentation of fiscal accountability, as specified in the application.
6. Proposing to undertake only eligible activities.
7. Demonstrating need.

8. Assuring ability to provide matching funds.
9. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
10. Assuring that homeless individuals will be involved in the provision of services funded through ESGP, to the maximum extent feasible, through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESGP funds.
11. Assuring the operation of an adequate, sanitary, and safe homeless facility.
12. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
13. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
14. Proposing a sound plan consistent with the *State of Texas Consolidated Plan*, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
15. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESGP funds are not to be used to assist such persons in place of State and local resources.
16. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

FUND OBLIGATION PROCESS

TDHCA will obligate PY 2007 ESGP funds to units of general local government or to private nonprofit organizations which have local government approval to operate a project which assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESGP funds to be distributed equitably.

The State's anticipated ESGP allocation for PY 2007 is $5,154,498 less 5 percent ($257,725) for state administration costs. TDHCA reserves ESGP funds for each of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the percentage of poverty population that exists in each region according to the most recent county Census data. Applicants compete only against other applicants in their Uniform State Service Region.

TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the *State of Texas Low Income Housing Plan and Annual Report*. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department.

TDHCA issues a notice of funding availability (NOFA) and provides an application to any organization or individual which requests one. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds reserved for each region. Any application which receives a score below 70 percent of the highest raw score from the region will not be considered for funding. All available ESGP funds are obligated each year through 12-month contracts.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 et seq.)

LEVERAGING RESOURCES

Section 576.51 of the ESGP regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESGP grant award and must be provided in an amount equal to or greater than the ESGP grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESGP monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to insure, among other things, that each ESGP recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the State's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, workshops, and sponsoring an annual statewide conference on homeless issues.

MONITORING

The Department monitors each ESGP subrecipient annually. During the monitoring review, staff determine subrecipients compliance with the ESGP contract; State Policy Issuances; 24 CFR Ch V, Part 576; OMB Circulars related to expenditure of funds; and requirements of Chapter 58 of the Environmental Protection Act as it relates to projects funded for rehabilitation, conversion, or renovation.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

ESGP will begin reporting the HUD CPD Outcome Performance Measurement System beginning September 1, 2006, with the implementation of the 2006 ESGP contracts. The Department's monthly performance report will be amended to include changes in reporting requirements required by HUD and to report utilizing the outcome measurement system. ESGP activities related to renovation, essential services, maintenance, operations, and furnishings will fall under HUD's Outcome 1 Availability/Accessibility and Objective 1 Create a Suitable Living Environment. ESGP activities related to homelessness prevention will be reported under HUD's Outcome 1 Availability/Accessibility and Objective 2 Provide Decent Housing.

ESGP ACTIONS

This section describes how ESGP addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

Affordable Housing

While the Department encourages the use of ESGP funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which we provide funding or that we track for the ESGP Program.

Public Housing Resident Initiatives

Fostering public housing resident initiatives is not an initiative for which we provide funding or that we track for the ESGP Program.

Lead-Based Hazards

The Department does evaluate and reduce lead-based hazards for conversion, renovation, or rehabilitation projects funded with ESGP funds and tracks work in these efforts in the ESGP Program as required by Chapter 58 of the Environmental Protection Act.

Poverty-Level Households

While the Department encourages the use of ESGP funds to assist ESGP clients move above the poverty line, it is not an initiative for which we provide funding or that we track for the ESGP Program.

Institutional Structure

The Department does encourage ESGP subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESGP funds are required to coordinate services and to provide services as part of a local continuum of care. The Department reviews ESGP subrecipient's coordination efforts during on-site and desk monitoring.

HOME INVESTMENT PARTNERSHIPS PROGRAM 2007 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2007

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local private entities and nonprofit organizations. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program is receiving approximately $40,000,000 ($40,000,000 HOME funds plus $650,000 ADDI funds) from HUD for PY 2007.

ALLOCATION OF PY 2007 FUNDS

TDHCA will use the following method for allocating funds.

	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10.0%
CHDO Project Funds Set Aside (15% of PY 2007) [1, 2]	$6,000,000	15.0%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) [1]	$300,000	0.8%
Persons with Disabilities Single Family Allocation	$750,000	1.9%
Set Aside for Contract for Deed Conversions	$2,000,000	5.0%
Set Aside for Rental Housing Preservation Program	$2,000,000	5.0%
Set Aside for Rental Housing Development Program	$3,000,000	7.5%
Funds for Eligible Single Family Activities	$21,950,000	54.9%
PY 2007 HOME Allocation	$40,000,000	100%
PY 2007 American Dream Downpayment Initiative Funds	$650,000	
Total 2007 Funding	$40,650,000	

[1]The funding for these activities is not subject to the Regional Allocation Formula.

[2]$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute HOME funding for single family activities (2007 HOME Allocation Single Family funds and American Dream Downpayment Initiative funds).

Activity	Funding Amount	% of Single Family Funding
Homebuyer Assistance	$2,260,000	10%
Owner-Occupied Housing Assistance	$16,950,000	75%
Tenant Based Rental Assistance	$3,390,000	15%
Total Single Family Activity Funding	$22,600,000	100%

On February 15, 2006, the TDHCA Board approved the HOME rules. As part of this approval, applications submitted for Single Family non-development activities under a competitive application cycle will be recommended for an award through a biennnial funding cycle. As a result, applications were accepted under the 2006/2007 application cycle for owner occupied housing assistance, homebuyer assistance and tenant based rental assistance. The highest scoring applications will be recommended for funding consideration utilizing 2006 funds and once the 2007 allocation is received, the next highest scoring applications will be funded until the 2007 allocation is depleted.

ESTIMATED PY 2007 BENEFICIARIES

Based on estimated PY 2006 program activity, TDHCA estimates that the number of PY 2007 beneficiaries assisted will be approximately 2,200 low, very low, or extremely low income households. On the basis of historical performance, TDHCA estimates that approximately 60 percent of those households will be minority households.

DEFINITIONS

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

(1) At least one entrance door, whether located at the front, side, or back of the building

(A) is on an accessible route served by a ramp or no-step entrance,

(B) has at least a standard 36-inch door.

(2) On the first floor of the building,

(A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C) each bathroom wall is reinforced for potential installation of grab bars;

(D) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and

(E) each electrical plug or other receptacle is at least 15 inches above the floor.

(3) Each breaker box is located inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: A colonia is an unincorporated community located within 150 miles of the international border of this state, or a city or town within the 150 mile region that has a population less than 10,000 according to the latest US Census data. The majority population is composed of individuals and families of low and very low income who lack safe, sanitary and decent housing, together with basic services as potable water, adequate sewage systems, drainage, streets, and utilities.

Community Housing Development Organization (CHDO): A private nonprofit organization with a 501(c)(3) or (4) federal tax exemption. The CHDO must include providing decent, affordable housing to low income households as one of its purposes in its charter, articles of incorporation, or bylaws. It must serve a specific, delineated geographic area: Either a neighborhood, several neighborhoods, city, town, village, county, or multi-county area (but not the entire state). CHDOs are certified by TDHCA on an annual basis and as eligible applications are awarded HOME CHDO funds..

Consortium: An organization of geographically contiguous units of general local government that act as a single unit of general local government for purposes of the HOME program.

Extremely Low Income Family: Family whose income is between 0 and 30 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Low Income Family: Family whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Non–Participating Jurisdiction: A state or unit of general local government that does not receive an annual allocation of HUD program funds and is not part of a HUD Consortium.

Participating Jurisdiction: A state or unit of general local government that receives an allocation of HOME Program funds directly from HUD.

Persons with Disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

Very Low Income Family: Family whose income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Authorities (PHAs)

DESCRIPTION OF ACTIVITIES

Single Family

Owner-Occupied Housing Assistance (OCC)

Rehabilitation or reconstruction cost assistance is provided to eligible homeowners for rehabilitation or reconstruction of their existing home. The home must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

OCC will comprise approximately 75 percent of the HOME allocation that will be available through the Regional Allocation Formula process: approximately $16,950,000.

Tenant-Based Rental Assistance (TBRA)

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months. 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 $3,390,000.

Homebuyer Assistance (HBA)

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.
- Acquisition or new construction costs for the replacement of manufactured housing.

Eligible first time homebuyers may receive $10,000 or 6 percent of the purchase price, whichever is greater, for down payment and closing costs in the form of a 2nd- or 3rd-lien loan under the American Dream Downpayment Initiative. Eligible homebuyers who meet the definition of persons with disabilities may receive loans up to $15,000 for down payment and closing costs, regardless of the location of the property. Under the Contract for Deed program, assistance for the combined cost of deed conversion and rehabilitation cannot exceed $55,000 per unit. HBA is an eligible HOME activity under the CHDO set-aside if the CHDO is the owner or developer of the project. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence. If any of these occur before the end of the loan term, the amount of recapture will be based on the pro-rata share of the remaining loan term.

At the completion of the assistance, all properties must meet the International Residential Code or the Colonia Housing Standards, if located in a colonia, and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

Excluding set-aside funds listed below, this activity will comprise approximately 10 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $2,260,000. This amount includes the American Dream Downpayment Initiative allocation.

HBA may also be awarded through the CHDO Set-Aside and the Contract for Deed Set-Aside.

Multifamily

Rental Housing Development and Preservation

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing. The Department will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit entities, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA generally make awards in form of a loan, however grants may be recommended to the Department's Board based on the underwriting review. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local, state, and federal construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the International Residential Code, Texas Government Code, and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing.

Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 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.

SET ASIDES

TDHCA will use the following set-asides to direct its HOME funding to address federal and state legislative requirements or departmental program objectives. According to §2306.111(d-1) of TDHCA's enabling legislation, funds are not required to be allocated using a Regional Allocation Formula if funds are reserved for contract for deed conversions or for set-asides mandated by state or federal law, and each contract for deed allocation or set aside allocation equal not more than 10 percent of the total allocation of funds for the program.

Administrative Expenses

This allowable cost is for the reimbursement of costs associated with the planning administration of the HOME Program. Up to 10 percent of the sum of the Fiscal Year HOME basic formula allocation may be set aside for HOME Administrative expenses. Up to 4 percent of project dollars awarded may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive administrative funds. TDHCA retains the balance of the fee to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

American Dream Downpayment Initiative

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help first time homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI assistance. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan. In order to ensure the suitability of households receiving ADDI assistance, first time homebuyers will be required to participate in a homebuyer counseling course.

For PY 2007, approximately $650,000 is reserved for down payment assistance and may, at the discretion of TDHCA, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds are included in the 10 percent allocated for HBA. These funds are a federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Outreach

The Department continues to promote ADDI through the public hearings held in all 13 Uniform State Service Regions. Since PHAs are eligible applicants under the HOME Program, the initiative is discussed in great detail at HOME Application Workshops held each spring. The program is also promoted around the state through a Texas Association of Realtors continuing education course that Department staff helps teach. The course was designed to improve the state homeownership rate and to educate Realtors about the availability of affordable housing products.

Since Texas has a large number of manufactured housing units and manufactured housing dealers, questions from real estate agents always arise about the availability of low interest rate loan funds and the availability of down payment assistance. Through continuing education courses and outreach, TDHCA is able to inform real estate agents about how ADDI can assist manufactured housing buyers. In addition, TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds directly to eligible first time homebuyers.

The Department also operates a First Time Homebuyer Program hotline. Over 1,200 calls are received on average per month. Interested homebuyers are provided literature and made aware of the various products and programs available

CHDO Set-Aside

A minimum of 15 percent of the annual HOME allocation, approximately $6,000,000 (plus $300,000 in operating expenses) is reserved for CHDOs. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly-owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations can apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing (through direct funding or loan guarantees). CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project. CHDO funds are a federal mandated set aside, and are not subject to the Regional Allocation Formula, pursuant to 2306.111(d-1) of the Texas Government Code.

Once awarded, a CHDO development must remain controlled by a certified CHDO for the entire affordability term.

In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will 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. In addition, other eligible activities under the CHDO Set-Aside include the following:

- Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.
- Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, $1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.

Contract for Deed Conversions

The 79th Legislature passed Appropriations Rider 11 to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI). Furthermore, TDHCA should convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60 percent of AMFI and the home converted must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia.

To assist TDHCA in meeting this mandate, $2,000,000 in PY 2007 HOME program funds will be targeted to assist households described under this initiative.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Persons with Disabilities (5 percent of Allocation)

In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), the department shall 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, and may be used to serve persons with disabilities in both participating and non-participating jurisdiction areas. 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.

For program year 2007, the Department will reserve $750,000 for the Persons with Disabilities Single Family Allocation, to be awarded to organizations serving persons with disabilities. These funds will be awarded through a competitive application and available statewide, subject to the Regional Allocation Formula. Funds will be awarded to single family projects that serve persons with disabilities, including homebuyer assistance, owner-occupied rehabilitation, and tenant-based rental assistance. Projects may be located statewide, including in participating jurisdictions. Organizations receiving an award under this allocation will receive an additional 4 percent of the total project funds for administrative costs.

Additionally, in accordance with 10 TAC 53.61 applicants applying for HOME funds under the Owner-Occupied Housing Assistance and Tenant-Based Rental Assistance programs, must propose targeting at least 5 percent of the number of units proposed in the application, to persons who meet the definition of persons with disabilities. A waiver of this requirement may be requested by the applicant to the Department, if applicant is unable to document persons with disabilities that meet the HOME eligible requirements.

Rental Housing Preservation and Rental Housing Development Programs

TDHCA will reserve $2,000,000 for Rental Housing Preservation and $3,000,000 for Rental Housing Development activities from PY 2007 funding.

SPECIAL INITIATIVES

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20 percent of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to assist TDHCA in reaching its goal.

FUND DISTRIBUTION

In accordance with Senate Bill 264, TDHCA allocates HOME Program funds to each region using a need-based formula developed by the Department. Please see “2007 Regional Allocation Formula” in this section for further explanation. Using the 2007 Regional Allocation Formula, each region will receive the following amount of funding for use with activites subject to the formula.

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	TBD	TBD	TBD	TBD	TBD	TBD
2	Abilene	TBD	TBD	TBD	TBD	TBD	TBD
3	Dallas/Fort Worth	TBD	TBD	TBD	TBD	TBD	TBD
4	Tyler	TBD	TBD	TBD	TBD	TBD	TBD
5	Beaumont	TBD	TBD	TBD	TBD	TBD	TBD
6	Houston	TBD	TBD	TBD	TBD	TBD	TBD
7	Austin/Round Rock	TBD	TBD	TBD	TBD	TBD	TBD
8	Waco	TBD	TBD	TBD	TBD	TBD	TBD
9	San Antonio	TBD	TBD	TBD	TBD	TBD	TBD
10	Corpus Christi	TBD	TBD	TBD	TBD	TBD	TBD
11	Brownsville/Harlingen	TBD	TBD	TBD	TBD	TBD	TBD
12	San Angelo	TBD	TBD	TBD	TBD	TBD	TBD
13	El Paso	TBD	TBD	TBD	TBD	TBD	TBD
	Total	TBD	TBD	TBD	TBD	TBD	TBD

TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in Section 91.320(d). However, the geographic distribution of HOME funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the *State of Texas Low Income Housing Plan and Annual Report*. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department.

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 they serve persons with disabilities, unless otherwise approved by the Board.

REVIEW OF APPLICATIONS

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified applicants are notified in writing. All applications must be received by the Department by 5 pm on the date identified in the NOFA and/or application guidelines, regardless of method of delivery.

Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner. The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a “received date” based on the date and time it is physically received by the Department. Then, each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their “received date” unless they do not proceed into the next phase(s) for review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier “received date” but that did not timely complete a phase of review.

Applications received by the Department in response to a Competitive Application Cycle NOFA will be reviewed for threshold and scoring criteria in accordance with the rules for application review published in the NOFA and/or application guidelines.

SELECTION PROCESS

All applications for funds received under competitive funding cycles are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. Applications will be recommended up to the limit of funds available per activity and region. Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants.

All applications received under open funding cycles will be reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Because applications are reviewed on a “first come, first served” basis, applications will be reviewed and recommended for funding in the manner prescribed in TDHCA’s Open Cycle rules at 10 TAC §53.58.

MATCH REQUIREMENTS

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State’s HOME Investment Trust Funds Treasury account within the fiscal year. The State sources include the following:

1. Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.
2. Match contributions from the State’s Housing Trust Fund to affordable housing projects that are not HOME assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
3. Eligible match contributions from State recipients, as specified in 24 CFR 92.220.
4. Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Additionally, TDHCA will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA’s Deobligation Policy. TDHCA’s Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the TDHCA’s Board, disaster relief applicants, special needs applicants, applicants serving the colonias, and for other eligible uses as determined by TDHCA's Board of Directors, or the Executive Director at the Board's direction.

APPLICABLE FEDERAL AND STATE REGULATIONS

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

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

THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The *2007 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)* is available for public comment from September 13, 2006, through October 12, 2006. Additionally, TDHCA will hold 13 public hearings in which constituents are given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations are encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

MINORITY PARTICIPATION

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

RECAPTURE PROVISIONS UNDER THE HOMEBUYER ASSISTANCE PROGRAM

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR 92.254(a)(5).

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any Homebuyer Program the State administers.

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

(1) Recapture the amount of the HOME investment reduced or prorated based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available net proceeds.

(2) If the net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas

$$\frac{\text{HOME investment}}{\text{HOME investment } 2 \text{ homeowner investment}} \Delta \text{net proceeds } | \text{ HOME amount to be recaptured}$$

$$\frac{\text{homeowner investment}}{\text{HOME investment } 2 \text{ homeowner investment}} \Delta \text{net proceeds } | \text{ amount to homeowner}$$

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

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

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any homebuyer program the State administers.

(A) The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

(1) Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.

(2) The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.

(3) The period of affordability is based on the total amount of HOME funds invested in the housing.

(B) Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements.

(1) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD.

(2) The participating jurisdiction may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure in an effort to preserve affordability.

(3) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.

(4) In the event of the above termination events, the HOME investment that is subject to recapture is based on the amount of available net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds), if any, from the sale.

(5) If the net proceeds are insufficient to repay the loan and the homebuyer's down payment and any capital investment, the homebuyer's investment is paid in full first from the available proceeds from the resale and the loan repaid to the extent that proceeds are available.

(6) If there are no net proceeds, repayment of the loan is not required.

(7) Any net proceeds in excess of homebuyer's investment and the amount to be repaid under the loan are paid to the seller of the property.

FORECLOSURES UNDER THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT PROGRAMS

If the property becomes the subject of a foreclosure proceeding that results in the sale of part or all of the property, all sums in excess of those paid to superior lien holders shall be paid to TDHCA to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, TDHCA may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

The Department also plans to utilize HOME funds for the management and administration of properties that have been foreclosed upon by the Department as a superior lien holder. These funds will be taken from the 10 percent in HOME funds available to the Department for administration of its programs.

OTHER FORMS OF INVESTMENT

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

REFINANCING DEBT

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

The Department may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). The Department shall use its underwriting and evaluation standards, codified at 10 TAC §§1.31-1.36 and its HOME Investment Partnerships Program rules at 10 TAC §53, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

- That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;
- Sets a minimum funding level for rehabilitation on a per unit basis;
- Requires a review of management practices to demonstrate that disinvestments in the property has not occurred;
- That long term needs of the project can be met;

- That the financial feasibility of the development will be maintained over an extended affordability period;
- State whether new investment is being made to maintain current affordable units, and or create additional affordable units;
- Specifies the required period of affordability;
- Specifies that HOME funds may be used throughout the entire jurisdiction, except as the Department may be limited by the Texas Government Code; and
- States that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

In accordance with the guidelines from HUD, the Department will comply with the new CPD Outcome Performance Measurement System beginning October 1, 2006. Compliance will be attained through the creation and development of additional tracking screens in the Department's central database to enable us to capture information needed for input into IDIS. HOME Program eligible activities will be categorized into the objectives and outcomes listed in the chart below. It is anticipated most HOME Program eligible activities will be categorized as Outcome #2 and Objective #2.

	OUTCOME 1	**OUTCOME 2**	**OUTCOME 3**
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility	Enhance Suitable Living Environment Through Improved/New Affordability	Enhance Suitable Living Environment Through Improved/New Sustainability
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability	Create Decent Housing with Improved/New Affordability	Create Decent Housing with Improved/New Sustainability
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility	Provide Economic Opportunity Through Improved/New Affordability	Provide Economic Opportunity Through Improved/New Sustainability

HOME PROGRAM ACTIONS

This section describes how the HOME Program addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

Affordable Housing

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance for the acquisition of affordable single family housing, and funding for rental housing development preservation of existing affordable or subsidized rental housing.

Public Housing Resident Initiatives

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA/ADDI. In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

Lead-Based Hazards

The HOME Program requires an environmental site assessment and the abatement of lead-based paint if the structure being rehabilitated was constructed prior to 1978. There is significant training, technical assistance, and oversight of this requirement on each contract funded under the HOME Program.

Poverty-Level Households

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed two years. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency.

Institutional Structure

The HOME Program encourages partnerships in order to improve the provision of affordable housing. TDHCA currently directly allocates $500,000 in HOME funds to the Home of Your Own Coalition, which assists persons with disabilities purchase a home by providing education and financial assistance. Organizations receiving HBA/ADDI funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2007 ACTION PLAN

To be included in the final draft version of the document.

AVAILABLE RESOURCES

The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with §91.315. Descriptions of the funding amounts for the specific HUD programs covered by this Plan are provided in each program's Action Plan section.

The consolidated plan must also describe resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. A description of the match requirements of the HUD programs covered by this Plan are provided in each program's Action Plan section.

HOME PROGRAM

For the HOME Program, Section 2306.111(d) of the Texas Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions TDHCA uses for planning purposes. 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. Regional funding adjustments are made based on the results of this comparison. The following available resources were determined to have been available or distributed in 2005 in the areas eligible for TDHCA HOME funds. While these amounts are subject to change, it is thought that overall they represent a useful estimate of the availability of funding for activities similar to those eligible under the HOME Program.

Source	Funding Level
State of Texas Housing Trust Fund	$ 4,203,697
HUD Housing for Persons with AIDS	$ 1,546,851
HUD Public Housing Authority Capital Improvements Funding	$ 36,534,599
HUD Section 8 Funding	$ 146,053,519
USDA Multifamily Development Funding	$ 6,794,000
USDA Rental Assistance Funding	$ 28,164,849
Federal Housing Tax Credits	$ 155,424,069
Multifamily Bond (MFB) Financing	$ 51,227,369
Federal Housing Tax Credits Associated with MFB Financing	$ 37,898,379
USDA Single Family Funding	$ 45,915,871
Single Family Bond Financing	$ 140,860,433
HOME Funding	$ 48,401,779
Total Resources	$ 703,025,416

HOPWA

Although Ryan White and State HIV Services funds may be used for housing, a very small amount is currently allocated for that purpose. Ryan White case managers also provide HOPWA case management, and attempt to fulfill housing needs through the HOPWA program or through other local housing programs.

GENERAL INFORMATION ON OTHER PROGRAMS

TDHCA is required by State law to publish a *Program Guide* the outlines state and federal housing and housing-related programs that are available in Texas. The guide has information on all TDHCA programs and includes housing-related programs from other state and federal agencies. This detailed document is organized by activity area and then by administering entity. For each specific program, contact information at the appropriate agency is provided. The 120-plus page document is updated annually and is currently available on line at http://www.tdhca.state.tx.us/ppa/docs/hrc/05-ProgramGuide-050607.pdf or in hard copy upon request.

OTHER ACTIONS

This section describes FY 2007 actions proposed by the Office of Rural Community Affairs (ORCA), Texas Department of Housing and Community Affairs (TDHCA), and Department of State Health Services (DSHS) to address the following: Obstacles to Meeting Underserved Needs and Developing Affordable Housing, Public Housing Resident Initiatives, Lead-Based Paint Hazards, Poverty-Level Households, Compliance, and Gaps in Institutional Structure and Enhancing Coordination.

MEETING UNDERSERVED NEEDS AND DEVELOPING AFFORDABLE HOUSING

The Departments have identified various obstacles that may affect the ability to meet underserved needs in Texas. They include the lack of affordable housing, lack of organization capacity, lack of organizational outreach, local opposition to affordable housing, regulatory barriers to affordable housing, and area income characteristics (particularly in rural areas). The Departments take actions to mitigate these obstacles such as effectively using existing resources to administer programs, providing information resources to individuals and local areas, and coordinating resources. The following outlines those specific actions proposed by the program areas to meet underserved needs and develop affordable housing.

CDBG

HOME and ESGP

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance for the acquisition of affordable single family housing, and funding for rental housing development preservation of existing affordable or subsidized rental housing.

HOME funds may also be used in conjunction with the Housing Tax Credit Program to construct or rehabilitate affordable multifamily housing.

Regarding ESGP, while TDHCA encourages the use of ESGP funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. These funds meet the needs of local homeless populations.

HOPWA

PUBLIC HOUSING RESIDENT INITIATIVES

The future success of 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 ORCA, TDHCA, and DSHS do not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

CDBG

HOME and ESGP

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA/ADDI. Furthermore, PHA staff, especially including those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents.

In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

PHA residents are eligible to receive assistance and services from ESGP grantees.

In addition to HOME and ESGP activities related to PHAs, TDHCA performs certifications of consistency with the State's Consolidated Plan. In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by PHAs in an area without a local Consolidated Plan are consistent with the State of Texas's Consolidated Plan.

HOPWA

LEAD-BASED PAINT HAZARDS

The health risks posed by lead-based paint to young children are the most significant health issue facing the housing industry today. According to the EPA's Report on the National Survey of Lead Based Paint in Housing (April 1995), 64 million homes have conditions that are likely to expose families to unsafe levels of lead. These homes are disproportionately older housing stock typical to low income neighborhoods, and the potential for exposure increases as homeowners and landlords defer maintenance. This older housing stock is the target of rehabilitation efforts and is often the desired "starter home" of a family buying their first home.

The 1992 Housing and Community Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. However, HUD's final regulations for Title X (24 CFR Part 105) were not published until 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" (1995) 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.[1]

CDBG

HOME and ESGP

The HOME Program requires lead screening in housing built before 1978 for its Owner Occupied Rehabilitation Assistance Program. Rehabilitation activities fall into three categories: 1) Requirements for federal assistance up to and including $5,000 per unit; 2) Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit; and 3) Requirements for federal assistance over $25,000 per unit.

Requirements for federal assistance up to and including $5,000 per unit are: 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.

Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit include all the requirements for federal assistance up to and including $5,000 per unit and the following: 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 exist

[1] Texas Department of Health.

and; clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

Requirements for federal assistance over $25,000 per unit included all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and the following: 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; and 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.

For ESGP, TDHCA evaluates and reduces lead-based paint hazards for conversion, renovation, or rehabilitation projects funded with ESGP funds, and tracks work in these efforts as required by Chapter 58 of the Environmental Protection Act.

HOPWA

POVERTY-LEVEL HOUSEHOLDS

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 federal government defined the poverty threshold for 1999 as $17,029 in income for a family of four, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, employment, health, and financial stability.

ORCA, TDHCA, and DSHS have an important role in addressing Texas poverty. These agencies seek to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means trying to provide long-term solutions to the problems facing people in poverty and targeting resources to those with the greatest need.

CDBG

HOME and ESGP

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency.

The ESGP Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services.

For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages for households receiving late notices, security deposits, and payments to prevent foreclosure.

HOPWA

COMPLIANCE

ORCA, TDHCA, and DSHS ensure compliance with program and comprehensive planning requirements through various compliance measures.

CDBG

HOME and ESGP

TDHCA has established oversight and monitoring procedures within the TDHCA Portfolio Management and Compliance and Community Affairs divisions to ensure that activities are completed and funds are expended in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes. TDHCA's monitoring efforts are guided by both its responsibilities under the HOME and ESG programs and its affordable housing goals for the State of Texas. These monitoring efforts include the following:

- Identifying and tracking program and project results
- Identifying technical assistance needs of subrecipients
- Ensuring timely expenditure of funds
- Documenting compliance with program rules
- Preventing fraud and abuse
- Identifying innovative tools and techniques that support affordable housing goals
- Ensuring quality workmanship in funded projects
- Long-term compliance

Identifying and Tracking Program and Project Results

HOME contract and project activities are tracked through the TDHCA Contract Database (CDB) system, including pending projects, funds drawn, and funds disbursed through the internet-based system, HUD's IDIS, and other reports generated as needed. The CDB provides information necessary to track the success of the program and identify process improvements and administrator training needs. IDIS tracks HOME Program data such as commitment and disbursement activities, the number of units developed, the number of families assisted, the ongoing expenditures of HOME funds, and beneficiary information.

Other resources utilized by TDHCA to track project results include an asset management division and loan servicing division. If either of these areas identifies problems, steps are taken to resolve the issue, including project workouts and oversight of reserve accounts. Real Estate Analysis, the division for underwriting economic feasibility pre-award, is also responsible for identification of high risk contracts, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period.

ESGP project and contract activities are tracked through TDHCA's internet website, which maintains an Oracle-based reports system. This system maintains funds drawn, funds expended, performance data, and other reports as needed. ESGP data such as commitment and disbursement activities, number of persons assisted, ongoing expenditures, and program activities are also tracked through HUD's IDIS.

Identifying Technical Assistance Needs Subrecipients

Identification of technical assistance needs for HOME and ESGP subrecipients is performed through analysis of administrator management practices, analysis of sources used by TDHCA to track technical assistance such as information captured in the Central Database, review of documentation submitted, desk reviews based on the requirements identified in the Compliance Supplement and State Affordable Housing Program requirements, project completion progress, results of on-site audits and monitoring visits, and desk reviews conducted by Department staff.

Ensuring Timely Expenditure of Funds

TDHCA ensures adequate progress is made toward committing and expending HOME and ESG funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and TDHCA enter into an Agreement. Performance deadlines for spending and matching funds are reviewed on a quarterly basis to track expenditure totals. HOME set-aside requirements are also tracked.

Documenting Compliance with Program Rules

Compliance with program rules is documented through contract administration and other formal monitoring processes. Staff document compliance issues as part of their ongoing contract management reviews and notify administrators of any noncompliance and required corrective action. On-site reviews, including physical onsite project site inspections of a representative sample of project sites, on-site reviews of client files, shelters, and the delivery of services are conducted with summarized reports identifying necessary corrective actions.

TDHCA has developed a set of standards for HOME administrators to follow to ensure that subcontractors and lower-tiered organizations entering into contractual agreements with administrators perform activities in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes.

TDHCA maintains a database to document an administrator's compliance history with rental housing developments. During the application process the compliance history is gathered, the database is researched, and input from all divisions within TDHCA is requested. If issues of material noncompliance are found, then the applicant is not eligible for future funding until the issues are resolved. The compliance history is considered by TDHCA's Board prior to finalizing awards.

Preventing Fraud and Abuse

TDHCA monitors for potential fraud and mismanagement of funds through the assistance of written agreements with HOME administrators and review of supporting documentation throughout the HOME contract period to ensure that activities are eligible, through information gathered from outside sources and Department staff, and through onsite monitoring visits of HOME and ESGP subrecipients. If fraud or mismanagement of funds is found, sanctions are enforced and disallowed costs are refunded to TDHCA. Also, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

Identifying Innovative Tools and Techniques that Support Affordable Housing Goals

Staff identifies innovative tools and techniques to support affordable housing goals by attending trainings and conferences, maintaining contact with other state affordable housing agencies, and through the HUD internet listserv and HUD website.

Ensuring Quality in Funded Projects

Ensuring the administrator provides the committed product, amenities and compliance with accessibility requirements is a Departmental priority. Staff ensures the quality of workmanship in HOME-funded projects through the inspection process. TDHCA staff, in conjunction with Manufactured Housing Inspectors conduct inspections to substantiate the quality of the work performed. Deficiencies and concerns are identified during an initial inspection, with corrective action required by construction completion. The clearance of a final inspection is required of all rental housing developments funded by the Department.

TDHCA staff has attended trainings and become familiar with the construction standards of Section 504, Rehabilitation Act of 1973. Manufactured Housing Inspection Staff assisting with conducting inspections have been given the necessary tools to thoroughly complete these inspections and are provided annual training by Department staff on the procedures, expectations, and accessibility requirements.

Other processes used to ensure quality workmanship have included plan reviews. With the 2006 commitments the Department will require plans to have architectural sign off on specifications, and confirm compliance with committed amenities and compliance with any accessibility requirements.

Long-Term Compliance

The PMC is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where contracts require long-term oversight (such as land use restrictive covenants), reporting and enforcement procedures have been implemented.

The PMC division performs on-site monitoring visits in accordance with the requirements of the HOME Program and Department policies and procedures, as described in the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreement. If a property participates in more than one housing program, the most restrictive monitoring procedure is followed.

Risk Management

HOME contracts are monitored based on a risk assessment model that is updated on an annual basis or more frequently if required. Some of the elements of the Risk Assessment Model may include the type of activity, existence of a construction component, Davis/Bacon requirements, results of previous on-site visits, status of the most recent monitoring report, amount funded, previous administrator experience, entity type, and Single Audit status. In addition to the results of the risk assessment survey, referrals from division staff are considered when determining in depth monitoring reviews or required technical assistance. An emphasis is placed on monitoring of contracts within the current draw period and contracts with projects in the affordability period as defined by HUD.

If complaints are received by TDHCA, they are considered a risk management element and will be reviewed in detail. Supplemental monitoring activities will be performed to ensure program compliance and detection of possible fraud or mismanagement.

The Risk Assessment Model is also implemented for ESGP. Some of the elements of the Risk Assessment Model include the following: length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. In addition to the results of the risk assessment survey consideration is also given to recommendations made from other TDHCA divisions regarding performance with other TDHCA funded programs. All ESGP subrecipients are monitored annually.

Sanctions

Based on the results of ongoing HOME monitoring, sanctions are imposed for noncompliance issues based on the severity of noncompliance, which may include delays in project set-ups, draw request processing, questioned/disallowed costs, suspension of the contract, or contract termination. When necessary, the Executive Director executes a referral to the State Auditor's Office for investigation of fraud as required by Section 321.022(a) of the Texas Government Code. Sanctions imposed affect future application requests and scoring. In addition, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

The results of ongoing ESGP monitoring will also determine if sanctions are imposed for noncompliance issues. Sanctions range from the use of the cost reimbursement method of payment, deobligation of funds, suspension of funds, and termination of the contract. TDHCA's legal staff is notified and referrals are made to the Attorney General's Office. Sanctions imposed affect the future consideration of ESG applications for funding.

HOPWA

INSTITUTIONAL STRUCTURE

Understanding that no single entity will be able to address the enormous needs of the State of Texas, ORCA, TDHCA, and DSHS support the formation of partnerships in the provision of housing, housing-related, and community development endeavors. Especially considering that the limited amount of financial resources available for affordable housing, community service, and community development activities can be a major obstacle for a single agency to try to address the needs of the state, partnering with other organizations, as well as fund layering and leveraging, helps to stretch those funds that are available.

ORCA, TDHCA, and HOPWA are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, 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.

CDBG

HOME and ESGP

The HOME Program encourages partnerships in order to improve the provision of affordable housing. TDHCA has historically allocated $500,000 in HOME funds to the Home of Your Own Coalition, which assists persons with disabilities purchase a home by providing education and financial assistance. Organizations receiving HBA/ADDI funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

TDHCA encourages ESGP subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESGP funds are required to coordinate services and to provide services as part of a local continuum of care. At the time the Department monitors ESGP subrecipients, coordination efforts are reviewed.

HOPWA

SUMMARY OF PUBLIC COMMENT

The Draft 2007 Plan will be available for public comment from September 13, 2006, through October 12, 2006. Comment will be accepted in writing and at 13 Consolidated Public Hearings held across the state.

A summary of comment received during the public comment period will be included in the final version of the document.

- “Other Actions” section has been modified to better align with requirements. (p. 32)

Recommendation

Approval of the draft document.

DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
AUGUST 30, 2006

Action Item

2007 Regional Allocation Formula (RAF) Methodology (Draft for Public Comment)

Required Action

Approval of the release of the 2007 RAF Methodology (Draft for Public Comment).

- ü See Attachment A for a Summary of Proposed Revisions to the RAF Methodology for fiscal year 2007.
- ü See Attachment B for the 2006 RAF Distribution for the HOME and Housing Tax Credit (HTC) programs.[1] As many of the fiscal year 2006 HTC award amounts are still pending further financial feasibility review and the majority of fiscal year 2006 HOME awards will be made at the August 30, 2006 Board meeting, the draft distribution under the 2007 RAF has not been prepared at this time. Prior to the commencement of the public comment period, the portion of the RAF methodology that considers available resources will be generated using fiscal year 2006 HTC, HOME, HTC, and multifamily bond financing information.
- ü See Attachment C for the 2007 RAF Methodology (Draft for Public Comment) that will be released for public comment. For the Board's convenience, significant changes from the final 2006 RAF methodology are shown as a black line.

Background

§2306.111(d) of the Texas Government Code requires that the Department use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and HTC funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. 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 provides for the statewide distribution of scarce affordable housing dollars to meet widely varying types and levels of need. With this in mind, the Department relies on statutory direction and reasonably interprets a formula for delivery of these scarce resources. As regional demands for affordable housing resources grow, so does the pressure to revise the formula to try to address particular concerns. Over the course of the year, the Department received informal comments on ways to change the formula. It is anticipated that some of these will be formally submitted and further evaluated by the Department during the public comment period. However, it is typically the case that suggested changes that would involve significant revisions to the RAF would also require statutory changes.

[1] Because no RAF-related activities were included in last year's HTF allocation plan in the State Low Income Housing Plan, a 2006 HTF RAF was not developed. However, the regional percentage distributions for the HTF and the HTC program are identical as they use the same RAF methodology.

The HOME and HTF/HTC RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas 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.

The RAF's resulting funding distribution is published in the State Low Income Housing Plan and Annual Report. The detailed final methodology is published on the TDHCA website.

Recommendation

It is recommended that the Board approval the release of the 2007 RAF Methodology (Draft for Public Comment).

ATTACHMENT A
SUMMARY OF PROPOSED REVISIONS TO THE RAF METHODOLOGY

No significant changes are proposed to the RAF methodology. It is recommended that maintaining consistency in the formula across subsequent program years will help applicants better predict the annual available funding amount in each region. It is also anticipated that it may be easier for interested parties to comment on the RAF this year because it is essentially the same formula that was used in the 2006 funding cycles.

While no significant changes are currently proposed to the formula, TDHCA is always interested in receiving substantive comment on the RAF and has, in fact, already received informal comments regarding proposed new methodologies. TDHCA looks forward to this comment during the public comment period as well as receiving public comment on whether need and available resources associated with Hurricane's Katrina and Rita should be considered in the 2007 RAF.

A number of minor technical changes were made to clarify the area definitions that the RAF and the Affordable Housing Need Score use to designate urban/exurban and rural areas across the state. A primary reason for these changes was to address some confusion over how the boundaries of Census Designated Places (CDP) are defined. These unincorporated areas do not have official boundaries other than those determined by the Decennial Census. The fact that TDHCA will only use the CDP boundaries established by the Decennial Census was clearly indicated by revisions to the 2007 RAF Methodology (Draft for Public Comment). These changes also tie with corresponding revisions to the HTC Qualified Allocation Plan and Rules.

ATTACHMENT B
2006 RAF DISTRIBUTION FOR THE HOME AND HTC PROGRAMS

Note: As there are still a number of decisions that will affect 2006 HTC and HOME awards that will be made at the August 30, 2006 Board meeting, the draft distribution under the 2007 RAF has not been prepared at this time. Prior to the commencement of the public comment period, the RAF methodology will be run using fiscal year 2006 HTC, HOME, HTC, and multifamily bond funding. The distributions shown below illustrate the general funding distribution under the 2007 RAF as represented by the 2006 RAF distribution.[2] Shifts in the regional and urban/exurban and rural allocations should be expected in the version that will be released for public comment.

2006 HTC RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,026,482	4.7%	$913,835	45.1%	$1,112,647	54.9%
2	Abilene	$1,143,231	2.7%	$529,047	46.3%	$614,184	53.7%
3	Dallas/Fort Worth	$7,064,721	16.4%	$537,466	7.6%	$6,527,255	92.4%
4	Tyler	$2,139,933	5.0%	$1,082,693	50.6%	$1,057,240	49.4%
5	Beaumont	$1,521,318	3.5%	$742,576	48.8%	$778,742	51.2%
6	Houston	$10,403,698	24.2%	$665,539	6.4%	$9,738,158	93.6%
7	Austin/Round Rock	$3,285,943	7.6%	$312,857	9.5%	$2,973,086	90.5%
8	Waco	$2,610,906	6.1%	$483,472	18.5%	$2,127,434	81.5%
9	San Antonio	$2,502,878	5.8%	$354,914	14.2%	$2,147,964	85.8%
10	Corpus Christi	$1,771,585	4.1%	$703,720	39.7%	$1,067,865	60.3%
11	Brownsville/Harlingen	$5,209,862	12.1%	$2,053,959	39.4%	$3,155,903	60.6%
12	San Angelo	$1,238,592	2.9%	$298,935	24.1%	$939,658	75.9%
13	El Paso	$2,080,851	4.8%	$234,305	11.3%	$1,846,547	88.7%
	Total	$43,000,000	100.0%	$8,913,317	20.7%	$34,086,683	79.3%

2006 HOME RAF

Region	Large MSA w/in 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%

[2] Because no RAF-related activities were included in last year's HTF allocation plan in the State Low Income Housing Plan, a 2006 HTF RAF was not developed. However, the regional percentage distributions for the HTF and the HTC program are identical as they use the same RAF methodology.

ATTACHMENT C
2007 REGIONAL ALLOCATION FORMULA METHODOLOGY (DRAFT FOR PUBLIC COMMENT)

BACKGROUND

§2306.111(d) of the Texas Government Code 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.

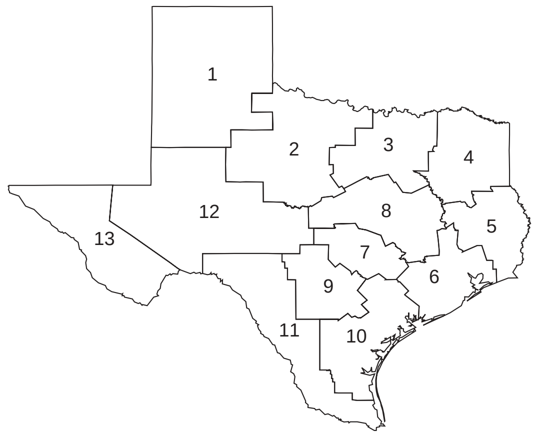

Figure 1. State Service Regions

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.

The HOME and HTF/HTC RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas 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.

Á Poverty: Number of persons in the region who live in poverty.

Á Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.

Á Overcrowded Units: Number of occupied units with more than one person per room.

Á 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%)[1]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdiction)
- HUD Housing for Persons with AIDS Funding

[1] Estimated capital raised through the syndication of the HTCs.

- HUD Public Housing Authority (PHA) Capital Funding
- HUD §8 Tenant-Based Rental Assistance (TDHCA & PHA)
- Multifamily Texas Housing Trust Fund
- Multifamily Tax-Exempt Bond Financing[2]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- 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)

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.

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2 The value of the bonds is 52 percent of the total bond amount. This is an estimate of the capital required to fill an affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost. [Note: This bond valuation factor will be updated at the time the final RAF is prepared to reflect the FY 2006 actual transactions.]

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[3]

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. As required by §2306.111(d) of the Texas Government Code, 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 definitions to categorize rural and urban/exurban areas.

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of 20,000[4] or less and does not share a boundary with an Area that has a population greater than 20,000.[5]

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[3] §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.

3. Urban/Exurban
   a. Any Area that does not satisfy the Rural definition; or
   b. that portion of a census tract that has a population density greater than 1,200 people per square mile and is not contained within an Area. [This subcategory is not used in the HOME formula.]

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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. Area level measure data is identified as being rural or urban/exurban based on the RAF area definitions.
3. Using the coded area 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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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 area 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 areas 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.

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[4] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[5] Applicants may petition TDHCA to update the "Rural" designation of an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area 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 for HTC applications, or
- application submission period for HOME applications.

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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.

QUESTIONS AND COMMENTS

For questions and comments on the RAF, contact Stephen Schottman at the TDHCA Division of Policy and Public Affairs.

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DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
August 30, 2006

Action Item

2007 Affordable Housing Need Score (AHNS) Methodology (Draft for Public Comment)

Required Action

Approval of the release of the 2007 AHNS Methodology (Draft for Public Comment) is requested.

- See Attachment A for a Summary of Proposed Revisions to the AHNS Methodology for fiscal year 2007.
- See Attachment B for the proposed 2007 AHNS Methodology (Draft for Public Comment. For the Board's convenience, significant changes from the 2006 AHNS methodology are shown as a black line.
- See Attachment C for the Housing Tax Credit (HTC)/Housing Trust Fund (HTF) Scores as Generated by the 2007 AHNS Methodology (Draft for Public Comment). This table also compares the 2007 Draft AHNS to the corresponding final 2006 AHNS. Because the majority of HOME awards for fiscal year 2006 are being made at the August 30, 2006 Board meeting, and the awards will significantly impact the AHNS, a set of corresponding HOME scores has not been prepared at this time. A table similar to the HTC/HTF AHNS table will be released prior to the start of the public comment period for the HOME program.

Background

The AHNS scoring criterion is used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final methodology and resulting scores are published on the TDHCA website.

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.

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 Texas Government Code, at least 95 percent of HOME funding is set aside for non-participating jurisdictions (PJ). Therefore, the HOME AHNS only uses need data for non-PJs.

Recommendation

Approval for the release of the 2007 AHNS Methodology (Draft for Public Comment).

ATTACHMENT A
SUMMARY OF PROPOSED REVISIONS TO THE AHNS METHODOLOGY

Only one significant change is being made to the AHNS methodology. This change will address the following two issues that were noted by comments on the AHNS that the Department received over the course of the year.

1. It was noted that some incorporated areas cross county boundaries. Under the previous scoring system, half the AHNS was based on the amount of need in a county relative to the need in the region. It was suggested that in instances where an incorporated area crosses county boundaries, two sets of scores should be developed.

2. A number of individuals, with particular concerns as to the affordable housing needs of rural communities, commented that there appeared to be an imbalance between the AHNS of rural communities in counties located within and outside of large MSAs. In reviewing the scores, it appeared that this indeed was the case – again due to half of the score being based on the amount of need in a county relative to the need in the region. Because need is concentrated in counties with large urban places, the rural communities within those counties were also receiving a scoring boost based on the overall need in the county.

To resolve both of those issues, it is proposed that only the measure of each area's level of need for each housing activity as determined by the ratio of the area's households in need to the area's total households be used in the 2007 AHNS methodology. In addition to addressing the issues described above, this change also clarifies the impact of previous TDHCA funding allocations on the need in a particular place which might otherwise be diminished by the part of the score which was based on county level need.

A number of minor technical changes were also made to clarify the area definitions that the RAF and the Affordable Housing Need Score use to designate urban/exurban and rural areas across the state. A primary reason for these changes was to address some confusion over how the boundaries of Census Designated Places (CDP) are defined. These unincorporated areas do not have official boundaries other than those determined by the Decennial Census. The fact that TDHCA will only use the CDP boundaries established by the Decennial Census was clearly indicated by revisions to the 2007 AHNS Methodology (Draft for Public Comment).

ATTACHMENT B
2007 AFFORDABLE HOUSING NEED SCORE METHODOLOGY (DRAFT FOR PUBLIC COMMENT)

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.

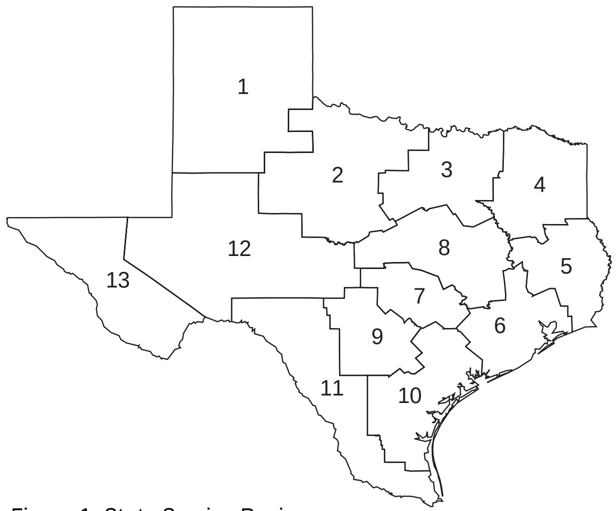

Figure 1. State Service Regions

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) in that it provides a comparative assessment of each area's level of need relative to the other areas within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

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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 Texas 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 area's level of affordable housing need.

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1) The Census number of households at or below 80% AMFI with cost burden establishes baseline for each area's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.

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   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 area's population in the 2000 Census and the most recent 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 area'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 is used to quantify the area's level of need for each scoring activity as measured by the ratio of the area's households in need to the area's total households. This ratio shows the concentration of need within a area.

5) A sliding scale that compares each area's level of need to the region's other areas is used to assign points to each area based on its relative concentration of need (maximum of 7 points).

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 RAF uses the following definitions to categorize rural and urban/exurban areas.

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of 20,000[2] or less and does not share a boundary with an Area that has a population greater than 20,000.[3]

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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 2007, this is 2 years/7 years or an approximate reduction in the number of households in need by 29 percent for each TBRA voucher.

[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 an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area with a population of over 20,000. To treat applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

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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

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For the HTC AHNS, areas that are eligible for new construction or rehabilitation funding by TX-USDA-RHS are also considered rural.

3. Urban/Exurban - Any Area that does not satisfy the Rural definition.

Rental development activities that occur outside an Area shall use the rural or urban/exurban designation of the closest Area.

For the HOME program, a county score is used for activities that will serve more than one Area within a county. If multiple counties or Areas 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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ATTACHMENT C

Housing Tax Credit (HTC)/Housing Trust Fund (HTF) Scores as Generated by the 2007 AHNS Methodology (Draft for Public Comment)

Sorted by Region then Area Name

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Abernathy	Rural	5	5	0
1	Adrian	Rural	5	7	2
1	Amarillo	Urb/Exurb.	7	6	-1
1	Amherst	Rural	5	5	0
1	Anton	Rural	4	4	0
1	Bishop Hills	Rural	5	4	-1
1	Booker	Rural	4	6	2
1	Borger	Rural	5	5	0
1	Bovina	Rural	4	4	0
1	Brownfield	Rural	6	7	1
1	Buffalo Springs	Rural	6	5	-1
1	Cactus	Rural	4	4	0
1	Canadian	Rural	4	6	2
1	Canyon	Rural	6	7	1
1	Channing	Rural	5	7	2
1	Childress	Rural	4	5	1
1	Clarendon	Rural	5	6	1
1	Claude	Rural	5	7	2
1	Crosbyton	Rural	4	6	2
1	Dalhart	Rural	6	7	1
1	Darrouzett	Rural	5	7	2
1	Denver City	Rural	4	5	1
1	Dickens	Rural	5	7	2
1	Dimmitt	Rural	4	5	1
1	Dodson	Rural	5	7	2
1	Dumas	Rural	5	5	0
1	Earth	Rural	5	5	0
1	Edmonson	Rural	4	4	0
1	Estelline	Rural	5	6	1
1	Farwell	Rural	6	7	1
1	Floydada	Rural	5	6	1
1	Follett	Rural	2	4	2
1	Friona	Rural	6	6	0
1	Fritch	Rural	5	6	1
1	Groom	Rural	5	7	2
1	Gruver	Rural	5	6	1
1	Hale Center	Rural	5	6	1
1	Happy	Rural	5	5	0
1	Hart	Rural	4	5	1
1	Hartley	Rural	4	5	1
1	Hedley	Rural	5	7	2
1	Hereford	Rural	4	4	0
1	Higgins	Rural	2	4	2
1	Howardwick	Rural	5	7	2
1	Idalou	Rural	5	4	-1
1	Kress	Rural	5	5	0
1	Lake Tanglewood	Rural	6	7	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Lakeview	Rural	5	7	2
1	Lefors	Rural	4	4	0
1	Levelland	Rural	6	7	1
1	Lipscomb	Rural	2	4	2
1	Littlefield	Rural	6	7	1
1	Lockney	Rural	2	4	2
1	Lorenzo	Rural	4	5	1
1	Lubbock	Urb/Exurb.	7	7	0
1	Matador	Rural	4	5	1
1	McLean	Rural	6	6	0
1	Meadow	Rural	4	4	0
1	Memphis	Rural	4	5	1
1	Miami	Rural	5	7	2
1	Mobeetie	Rural	2	4	2
1	Morse	Rural	4	5	1
1	Morton	Rural	2	4	2
1	Muleshoe	Rural	2	4	2
1	Nazareth	Rural	4	5	1
1	New Deal	Rural	7	6	-1
1	New Home	Rural	4	5	1
1	O'Donnell	Rural	2	4	2
1	Olton	Rural	4	4	0
1	Opdyke West	Rural	5	5	0
1	Palisades	Rural	6	6	0
1	Pampa	Rural	6	6	0
1	Panhandle	Rural	4	5	1
1	Perryton	Rural	2	4	2
1	Petersburg	Rural	4	4	0
1	Plains	Rural	4	5	1
1	Plainview	Rural	5	5	0
1	Post	Rural	5	7	2
1	Quail	Rural	2	4	2
1	Quitaque	Rural	5	7	2
1	Ralls	Rural	4	5	1
1	Ransom Canyon	Rural	6	5	-1
1	Reese Center	Urb/Exurb.	5	4	-1
1	Roaring Springs	Rural	2	4	2
1	Ropesville	Rural	4	4	0
1	Samnorwood	Rural	2	4	2
1	Sanford	Rural	6	6	0
1	Seth Ward	Rural	6	6	0
1	Shallowater	Rural	7	7	0
1	Shamrock	Rural	5	6	1
1	Silverton	Rural	5	7	2
1	Skellytown	Rural	2	4	2
1	Slaton	Rural	6	6	0
1	Smyer	Rural	5	5	0
1	Spade	Rural	6	6	0
1	Spearman	Rural	2	4	2
1	Springlake	Rural	6	7	1
1	Spur	Rural	2	4	2
1	Stinnett	Rural	5	6	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Stratford	Rural	2	4	2
1	Sudan	Rural	5	5	0
1	Sundown	Rural	5	5	0
1	Sunray	Rural	5	5	0
1	Tahoka	Rural	2	4	2
1	Texhoma	Rural	5	7	2
1	Texline	Rural	5	5	0
1	Timbercreek Canyon	Rural	4	4	0
1	Tulia	Rural	5	5	0
1	Turkey	Rural	2	4	2
1	Vega	Rural	5	6	1
1	Wellington	Rural	4	5	1
1	Wellman	Rural	5	5	0
1	Wheeler	Rural	4	5	1
1	White Deer	Rural	5	6	1
1	Whiteface	Rural	2	4	2
1	Wilson	Rural	2	4	2
1	Wolfforth	Rural	7	6	-1
2	Abilene	Urb/Exurb.	7	6	-1
2	Albany	Rural	5	6	1
2	Anson	Rural	4	4	0
2	Archer City	Rural	2	5	3
2	Aspermont	Rural	2	5	3
2	Baird	Rural	4	4	0
2	Ballinger	Rural	6	7	1
2	Bangs	Rural	5	6	1
2	Bellevue	Rural	5	6	1
2	Benjamin	Rural	2	4	2
2	Blackwell	Rural	5	5	0
2	Blanket	Rural	6	7	1
2	Bowie	Rural	6	7	1
2	Breckenridge	Rural	5	5	0
2	Brownwood	Rural	5	6	1
2	Bryson	Rural	6	6	0
2	Buffalo Gap	Rural	6	5	-1
2	Burkburnett	Rural	6	6	0
2	Byers	Rural	6	7	1
2	Carbon	Rural	4	4	0
2	Chillicothe	Rural	6	7	1
2	Cisco	Rural	6	7	1
2	Clyde	Rural	5	6	1
2	Coleman	Rural	6	6	0
2	Colorado City	Rural	6	7	1
2	Comanche	Rural	6	7	1
2	Cross Plains	Rural	6	4	-2
2	Crowell	Rural	4	6	2
2	De Leon	Rural	5	6	1
2	Dean	Rural	6	7	1
2	Early	Rural	5	5	0
2	Eastland	Rural	4	4	0
2	Elbert	Rural	5	7	2
2	Electra	Rural	7	6	-1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
2	Girard	Rural	2	4	2
2	Goree	Rural	2	4	2
2	Gorman	Rural	4	4	0
2	Graham	Rural	5	5	0
2	Gustine	Rural	6	7	1
2	Hamlin	Rural	5	5	0
2	Haskell	Rural	5	6	1
2	Hawley	Rural	6	7	1
2	Henrietta	Rural	5	6	1
2	Hermleigh	Rural	6	6	0
2	Holliday	Rural	2	4	2
2	Impact	Urb/Exurb.	5	4	-1
2	Iowa Park	Rural	6	6	0
2	Jacksboro	Rural	5	6	1
2	Jayton	Rural	2	4	2
2	Jolly	Rural	6	7	1
2	Knox City	Rural	4	5	1
2	Lake Brownwood	Rural	6	7	1
2	Lakeside City	Urb/Exurb.	4	5	1
2	Lawn	Rural	5	4	-1
2	Loraine	Rural	5	6	1
2	Lueders	Rural	5	5	0
2	Megargel	Rural	2	4	2
2	Merkel	Rural	7	6	-1
2	Miles	Rural	5	5	0
2	Moran	Rural	4	5	1
2	Munday	Rural	2	4	2
2	Newcastle	Rural	6	6	0
2	Nocona	Rural	4	5	1
2	Novice	Rural	4	4	0
2	O'Brien	Rural	4	4	0
2	Olney	Rural	5	5	0
2	Paducah	Rural	2	5	3
2	Petrolia	Rural	6	7	1
2	Pleasant Valley	Urb/Exurb.	7	7	0
2	Potosi	Urb/Exurb.	7	7	0
2	Putnam	Rural	6	7	1
2	Quanah	Rural	6	7	1
2	Ranger	Rural	4	5	1
2	Rising Star	Rural	5	5	0
2	Roby	Rural	4	6	2
2	Rochester	Rural	5	5	0
2	Roscoe	Rural	4	5	1
2	Rotan	Rural	4	5	1
2	Rule	Rural	5	6	1
2	Santa Anna	Rural	4	4	0
2	Scotland	Rural	2	4	2
2	Seymour	Rural	5	5	0
2	Snyder	Rural	4	5	1
2	St. Jo	Rural	4	4	0
2	Stamford	Rural	5	5	0
2	Sunset	Rural	4	4	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
2	Sweetwater	Rural	6	6	0
2	Throckmorton	Rural	2	5	3
2	Trent	Rural	7	6	-1
2	Tuscola	Rural	5	4	-1
2	Tye	Urb/Exurb.	7	7	0
2	Vernon	Rural	4	4	0
2	Weinert	Rural	6	7	1
2	Westbrook	Rural	6	6	0
2	Wichita Falls	Urb/Exurb.	6	5	-1
2	Windthorst	Rural	2	4	2
2	Winters	Rural	4	4	0
2	Woodson	Rural	4	5	1
3	Addison	Urb/Exurb.	6	5	-1
3	Aledo	Rural	4	6	2
3	Allen	Urb/Exurb.	5	6	1
3	Alma	Rural	6	7	1
3	Alvarado	Rural	4	5	1
3	Alvord	Rural	5	7	2
3	Angus	Rural	5	5	0
3	Anna	Rural	6	7	1
3	Annetta	Rural	5	7	2
3	Annetta North	Rural	5	7	2
3	Annetta South	Rural	5	7	2
3	Argyle	Urb/Exurb.	5	5	0
3	Arlington	Urb/Exurb.	6	6	0
3	Aubrey	Rural	6	7	1
3	Aurora	Rural	5	7	2
3	Azle	Urb/Exurb.	5	5	0
3	Bailey	Rural	5	7	2
3	Balch Springs	Urb/Exurb.	5	5	0
3	Bardwell	Rural	4	4	0
3	Barry	Rural	6	7	1
3	Bartonville	Rural	4	4	0
3	Bedford	Urb/Exurb.	7	6	-1
3	Bells	Rural	6	6	0
3	Benbrook	Urb/Exurb.	6	6	0
3	Blooming Grove	Rural	5	5	0
3	Blue Mound	Urb/Exurb.	6	5	-1
3	Blue Ridge	Rural	6	6	0
3	Bonham	Rural	5	7	2
3	Boyd	Rural	4	5	1
3	Briar	Rural	5	4	-1
3	Briaroaks	Rural	4	4	0
3	Bridgeport	Rural	4	6	2
3	Burleson	Urb/Exurb.	5	4	-1
3	Caddo Mills	Rural	6	7	1
3	Callisburg	Rural	4	5	1
3	Campbell	Rural	5	6	1
3	Carrollton	Urb/Exurb.	5	5	0
3	Cedar Hill	Urb/Exurb.	6	6	0
3	Celeste	Rural	4	4	0
3	Celina	Urb/Exurb.	4	5	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Chico	Rural	5	6	1
3	Cleburne	Urb/Exurb.	4	5	1
3	Cockrell Hill	Urb/Exurb.	5	4	-1
3	Colleyville	Urb/Exurb.	5	5	0
3	Collinsville	Rural	4	4	0
3	Combine	Rural	5	5	0
3	Commerce	Rural	6	7	1
3	Cool	Rural	5	7	2
3	Coppell	Urb/Exurb.	5	5	0
3	Copper Canyon	Urb/Exurb.	6	7	1
3	Corinth	Urb/Exurb.	4	4	0
3	Corral City	Rural	4	4	0
3	Corsicana	Rural	5	6	1
3	Cottonwood	Rural	4	4	0
3	Crandall	Rural	5	5	0
3	Cross Roads	Rural	4	4	0
3	Cross Timber	Rural	6	7	1
3	Crowley	Urb/Exurb.	7	6	-1
3	Dallas	Urb/Exurb.	6	5	-1
3	Dalworthington Gardens	Urb/Exurb.	5	4	-1
3	Dawson	Rural	4	4	0
3	Decatur	Rural	4	6	2
3	Denison	Urb/Exurb.	5	5	0
3	Denton	Urb/Exurb.	6	7	1
3	DeSoto	Urb/Exurb.	5	4	-1
3	Dodd City	Rural	5	7	2
3	Dorchester	Urb/Exurb.	4	4	0
3	Double Oak	Urb/Exurb.	6	7	1
3	Dublin	Rural	5	5	0
3	Duncanville	Urb/Exurb.	7	6	-1
3	Eagle Mountain	Urb/Exurb.	6	5	-1
3	Ector	Rural	5	6	1
3	Edgecliff Village	Urb/Exurb.	7	7	0
3	Emhouse	Rural	4	4	0
3	Ennis	Rural	4	4	0
3	Euless	Urb/Exurb.	5	5	0
3	Eureka	Rural	4	4	0
3	Everman	Urb/Exurb.	7	6	-1
3	Fairview	Urb/Exurb.	6	7	1
3	Farmers Branch	Urb/Exurb.	5	4	-1
3	Farmersville	Rural	4	5	1
3	Fate	Rural	5	7	2
3	Ferris	Rural	5	5	0
3	Flower Mound	Urb/Exurb.	5	5	0
3	Forest Hill	Urb/Exurb.	5	4	-1
3	Forney	Rural	5	5	0
3	Fort Worth	Urb/Exurb.	6	6	0
3	Frisco	Urb/Exurb.	6	6	0
3	Frost	Rural	6	6	0
3	Gainesville	Rural	4	5	1
3	Garland	Urb/Exurb.	6	5	-1
3	Garrett	Rural	6	7	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Glen Rose	Rural	4	5	1
3	Glenn Heights	Urb/Exurb.	7	6	-1
3	Godley	Rural	6	7	1
3	Goodlow	Rural	4	4	0
3	Gordon	Rural	5	7	2
3	Graford	Rural	4	5	1
3	Granbury	Rural	5	7	2
3	Grand Prairie	Urb/Exurb.	6	5	-1
3	Grandview	Rural	5	6	1
3	Grapevine	Urb/Exurb.	6	5	-1
3	Grays Prairie	Rural	6	7	1
3	Greenville	Urb/Exurb.	5	5	0
3	Gunter	Rural	5	6	1
3	Hackberry	Urb/Exurb.	6	7	1
3	Haltom City	Urb/Exurb.	6	6	0
3	Haslet	Urb/Exurb.	6	5	-1
3	Hawk Cove	Rural	4	4	0
3	Heath	Urb/Exurb.	2	4	2
3	Hebron	Urb/Exurb.	4	4	0
3	Hickory Creek	Urb/Exurb.	4	4	0
3	Highland Park	Urb/Exurb.	5	4	-1
3	Highland Village	Urb/Exurb.	6	6	0
3	Honey Grove	Rural	2	4	2
3	Howe	Urb/Exurb.	5	6	1
3	Hudson Oaks	Rural	5	7	2
3	Hurst	Urb/Exurb.	7	7	0
3	Hutchins	Urb/Exurb.	6	6	0
3	Irving	Urb/Exurb.	6	5	-1
3	Italy	Rural	4	5	1
3	Josephine	Rural	6	7	1
3	Joshua	Urb/Exurb.	5	5	0
3	Justin	Rural	5	6	1
3	Kaufman	Rural	4	5	1
3	Keene	Rural	6	6	0
3	Keller	Urb/Exurb.	5	4	-1
3	Kemp	Rural	6	7	1
3	Kennedale	Urb/Exurb.	6	5	-1
3	Kerens	Rural	5	6	1
3	Knollwood	Urb/Exurb.	6	7	1
3	Krugerville	Rural	6	7	1
3	Krum	Rural	4	4	0
3	Ladonia	Rural	2	4	2
3	Lake Bridgeport	Rural	2	4	2
3	Lake Dallas	Rural	5	6	1
3	Lake Kiowa	Rural	2	4	2
3	Lake Worth	Urb/Exurb.	6	6	0
3	Lakeside (Tarrant)	Urb/Exurb.	7	6	-1
3	Lakewood Village	Rural	6	7	1
3	Lancaster	Urb/Exurb.	5	4	-1
3	Lavon	Rural	4	4	0
3	Leonard	Rural	5	6	1
3	Lewisville	Urb/Exurb.	5	6	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Lincoln Park	Rural	4	5	1
3	Lindsay (Cooke)	Rural	4	5	1
3	Lipan	Rural	2	4	2
3	Little Elm	Urb/Exurb.	4	4	0
3	Lone Oak	Rural	4	4	0
3	Lowry Crossing	Urb/Exurb.	6	7	1
3	Lucas	Urb/Exurb.	6	7	1
3	Mabank	Rural	6	5	-1
3	Mansfield	Urb/Exurb.	5	4	-1
3	Marshall Creek	Rural	6	7	1
3	Maypearl	Rural	5	6	1
3	McKinney	Urb/Exurb.	5	5	0
3	McLendon-Chisholm	Rural	5	7	2
3	Melissa	Urb/Exurb.	6	6	0
3	Mesquite	Urb/Exurb.	6	5	-1
3	Midlothian	Urb/Exurb.	5	5	0
3	Mildred	Rural	6	7	1
3	Milford	Rural	4	4	0
3	Millsap	Rural	2	4	2
3	Mineral Wells	Rural	4	6	2
3	Mingus	Rural	5	7	2
3	Mobile City	Rural	2	4	2
3	Muenster	Rural	5	6	1
3	Murphy	Urb/Exurb.	6	7	1
3	Mustang	Rural	4	4	0
3	Navarro	Rural	4	4	0
3	Nevada	Rural	4	5	1
3	New Fairview	Rural	4	5	1
3	New Hope	Rural	4	4	0
3	Newark	Rural	5	7	2
3	Neylandville	Rural	4	4	0
3	North Richland Hills	Urb/Exurb.	6	6	0
3	Northlake	Urb/Exurb.	5	6	1
3	Oak Grove	Rural	6	7	1
3	Oak Leaf	Rural	6	7	1
3	Oak Point	Rural	6	6	0
3	Oak Ridge (Cooke)	Rural	5	6	1
3	Oak Ridge (Kaufman)	Rural	6	7	1
3	Oak Trail Shores	Rural	2	4	2
3	Oak Valley	Rural	5	6	1
3	Ovilla	Urb/Exurb.	6	7	1
3	Palmer	Rural	4	4	0
3	Pantego	Urb/Exurb.	5	4	-1
3	Paradise	Rural	5	7	2
3	Parker	Urb/Exurb.	4	4	0
3	Pecan Acres	Rural	5	7	2
3	Pecan Hill	Rural	5	6	1
3	Pecan Plantation	Rural	4	6	2
3	Pelican Bay	Rural	7	6	-1
3	Pilot Point	Rural	4	5	1
3	Plano	Urb/Exurb.	5	5	0
3	Ponder	Rural	5	5	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Post Oak Bend City	Rural	4	5	1
3	Pottsboro	Rural	5	5	0
3	Powell	Rural	4	4	0
3	Princeton	Urb/Exurb.	5	6	1
3	Prosper	Urb/Exurb.	5	5	0
3	Quinlan	Rural	6	7	1
3	Ravenna	Rural	2	4	2
3	Red Oak	Urb/Exurb.	6	6	0
3	Rendon	Urb/Exurb.	5	4	-1
3	Reno (Parker)	Rural	5	6	1
3	Retreat	Rural	5	5	0
3	Rhome	Rural	5	6	1
3	Rice	Rural	5	6	1
3	Richardson	Urb/Exurb.	6	5	-1
3	Richland	Rural	6	7	1
3	Richland Hills	Urb/Exurb.	6	6	0
3	Rio Vista	Rural	4	5	1
3	River Oaks	Urb/Exurb.	7	6	-1
3	Roanoke	Urb/Exurb.	5	6	1
3	Rockwall	Urb/Exurb.	4	4	0
3	Rosser	Rural	6	7	1
3	Rowlett	Urb/Exurb.	6	6	0
3	Royse City	Rural	4	5	1
3	Runaway Bay	Rural	5	6	1
3	Sachse	Urb/Exurb.	5	4	-1
3	Sadler	Rural	6	7	1
3	Saginaw	Urb/Exurb.	6	6	0
3	Sanctuary	Rural	5	7	2
3	Sanger	Rural	4	4	0
3	Sansom Park	Urb/Exurb.	7	6	-1
3	Savoy	Rural	5	7	2
3	Seagoville	Urb/Exurb.	5	4	-1
3	Shady Shores	Urb/Exurb.	4	4	0
3	Sherman	Urb/Exurb.	6	6	0
3	Southlake	Urb/Exurb.	6	5	-1
3	Southmayd	Rural	5	5	0
3	Springtown	Rural	2	4	2
3	St. Paul (Collin)	Rural	4	4	0
3	Stephenville	Rural	6	7	1
3	Strawn	Rural	4	6	2
3	Sunnyvale	Urb/Exurb.	5	4	-1
3	Talty	Rural	4	4	0
3	Terrell	Rural	6	6	0
3	The Colony	Urb/Exurb.	5	5	0
3	Tioga	Rural	4	4	0
3	Tolar	Rural	2	5	3
3	Tom Bean	Rural	4	4	0
3	Trenton	Rural	2	5	3
3	Trophy Club	Urb/Exurb.	5	5	0
3	University Park	Urb/Exurb.	6	5	-1
3	Valley View	Rural	2	5	3
3	Van Alstyne	Rural	4	4	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Venus	Rural	4	4	0
3	Watauga	Urb/Exurb.	6	5	-1
3	Waxahachie	Urb/Exurb.	4	4	0
3	Weatherford	Rural	4	5	1
3	West Tawakoni	Rural	6	7	1
3	Westlake	Urb/Exurb.	5	4	-1
3	Westminster	Rural	4	4	0
3	Weston	Urb/Exurb.	5	5	0
3	Westover Hills	Urb/Exurb.	5	4	-1
3	Westworth Village	Urb/Exurb.	5	5	0
3	White Settlement	Urb/Exurb.	6	5	-1
3	Whitesboro	Rural	6	6	0
3	Whitewright	Rural	6	7	1
3	Willow Park	Rural	2	4	2
3	Wilmer	Rural	5	5	0
3	Windom	Rural	2	4	2
3	Wolfe City	Rural	6	6	0
3	Wylie	Rural	4	4	0
4	Alba	Rural	6	7	1
4	Alto	Rural	5	5	0
4	Annona	Rural	5	7	2
4	Arp	Rural	5	4	-1
4	Athens	Rural	5	5	0
4	Atlanta	Rural	5	5	0
4	Avery	Rural	4	6	2
4	Avinger	Rural	6	7	1
4	Beckville	Rural	5	7	2
4	Berryville	Rural	5	5	0
4	Big Sandy	Rural	4	4	0
4	Bloomburg	Rural	4	4	0
4	Blossom	Rural	5	5	0
4	Bogata	Rural	2	4	2
4	Brownsboro	Rural	6	7	1
4	Bullard	Rural	7	6	-1
4	Caney City	Rural	6	7	1
4	Canton	Rural	5	5	0
4	Carthage	Rural	4	6	2
4	Chandler	Rural	5	5	0
4	Clarksville	Rural	4	6	2
4	Clarksville City	Rural	6	5	-1
4	Coffee City	Rural	4	4	0
4	Como	Rural	5	5	0
4	Cooper	Rural	5	7	2
4	Cumby	Rural	6	6	0
4	Cuney	Rural	5	5	0
4	Daingerfield	Rural	5	7	2
4	De Kalb	Rural	7	7	0
4	Deport	Rural	5	5	0
4	Detroit	Rural	4	5	1
4	Domino	Rural	4	4	0
4	Douglassville	Rural	4	4	0
4	East Mountain	Rural	5	5	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
4	East Tawakoni	Rural	5	7	2
4	Easton	Rural	5	4	-1
4	Edgewood	Rural	6	6	0
4	Edom	Rural	6	7	1
4	Elkhart	Rural	6	7	1
4	Emory	Rural	5	7	2
4	Enchanted Oaks	Rural	6	7	1
4	Eustace	Rural	4	4	0
4	Frankston	Rural	5	5	0
4	Fruitvale	Rural	4	5	1
4	Gallatin	Rural	5	5	0
4	Gary City	Rural	2	4	2
4	Gilmer	Rural	6	7	1
4	Gladewater	Rural	7	7	0
4	Grand Saline	Rural	4	4	0
4	Gun Barrel City	Rural	5	6	1
4	Hallsville	Rural	4	4	0
4	Hawkins	Rural	6	7	1
4	Henderson	Rural	4	4	0
4	Hooks	Rural	6	5	-1
4	Hughes Springs	Rural	5	5	0
4	Jacksonville	Rural	5	5	0
4	Jefferson	Rural	5	7	2
4	Kilgore	Rural	5	5	0
4	Lakeport	Rural	6	5	-1
4	Leary	Rural	5	4	-1
4	Liberty City	Rural	5	5	0
4	Lindale	Rural	6	6	0
4	Linden	Rural	5	5	0
4	Log Cabin	Rural	6	7	1
4	Lone Star	Rural	4	5	1
4	Longview	Urb/Exurb.	6	6	0
4	Malakoff	Rural	5	6	1
4	Marietta	Rural	4	4	0
4	Marshall	Rural	4	5	1
4	Maud	Rural	7	7	0
4	Miller's Cove	Rural	6	6	0
4	Mineola	Rural	5	6	1
4	Moore Station	Rural	6	7	1
4	Mount Enterprise	Rural	4	5	1
4	Mount Pleasant	Rural	5	5	0
4	Mount Vernon	Rural	2	4	2
4	Murchison	Rural	4	4	0
4	Naples	Rural	5	7	2
4	Nash	Urb/Exurb.	7	6	-1
4	Nesbitt	Rural	4	4	0
4	New Boston	Rural	7	7	0
4	New Chapel Hill	Rural	5	4	-1
4	New London	Rural	5	6	1
4	New Summerfield	Rural	4	5	1
4	Noonday	Rural	6	5	-1
4	Omaha	Rural	5	7	2

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
4	Ore City	Rural	6	7	1
4	Overton	Rural	6	7	1
4	Palestine	Rural	5	6	1
4	Paris	Rural	6	6	0
4	Payne Springs	Rural	4	4	0
4	Pecan Gap	Rural	5	6	1
4	Pittsburg	Rural	2	4	2
4	Point	Rural	5	7	2
4	Poynor	Rural	6	7	1
4	Queen City	Rural	6	7	1
4	Quitman	Rural	5	5	0
4	Red Lick	Rural	7	7	0
4	Redwater	Rural	6	6	0
4	Reklaw	Rural	4	4	0
4	Reno (Lamar)	Rural	5	4	-1
4	Rocky Mound	Rural	2	4	2
4	Roxton	Rural	6	6	0
4	Rusk	Rural	6	6	0
4	Scottsville	Rural	5	5	0
4	Seven Points	Rural	4	4	0
4	Star Harbor	Rural	4	4	0
4	Sulphur Springs	Rural	6	6	0
4	Sun Valley	Rural	5	4	-1
4	Talco	Rural	6	6	0
4	Tatum	Rural	5	6	1
4	Texarkana	Urb/Exurb.	6	5	-1
4	Tira	Rural	4	4	0
4	Toco	Rural	7	7	0
4	Tool	Rural	4	4	0
4	Trinidad	Rural	6	6	0
4	Troup	Rural	6	6	0
4	Tyler	Urb/Exurb.	6	6	0
4	Uncertain	Rural	6	6	0
4	Union Grove	Rural	4	4	0
4	Van	Rural	6	7	1
4	Wake Village	Urb/Exurb.	6	5	-1
4	Warren City	Rural	7	7	0
4	Waskom	Rural	4	5	1
4	Wells	Rural	6	6	0
4	White Oak	Urb/Exurb.	6	6	0
4	Whitehouse	Rural	5	4	-1
4	Wills Point	Rural	5	5	0
4	Winfield	Rural	5	5	0
4	Winnsboro	Rural	5	6	1
4	Winona	Rural	5	4	-1
4	Yantis	Rural	4	4	0
5	Appleby	Rural	5	6	1
5	Beaumont	Urb/Exurb.	6	6	0
5	Bevil Oaks	Rural	5	4	-1
5	Bridge City	Rural	6	6	0
5	Broaddus	Rural	5	7	2
5	Browndell	Rural	2	4	2

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
5	Buna	Rural	2	4	2
5	Burke	Rural	6	7	1
5	Center	Rural	4	5	1
5	Central Gardens	Rural	5	4	-1
5	Chester	Rural	2	5	3
5	China	Rural	5	5	0
5	Chireno	Rural	5	5	0
5	Coldspring	Rural	4	5	1
5	Colmesneil	Rural	4	6	2
5	Corrigan	Rural	5	7	2
5	Crockett	Rural	4	5	1
5	Cushing	Rural	5	6	1
5	Deweyville	Rural	4	5	1
5	Diboll	Rural	4	5	1
5	Evadale	Rural	2	4	2
5	Garrison	Rural	4	5	1
5	Goodrich	Rural	2	4	2
5	Grapeland	Rural	5	7	2
5	Groves	Urb/Exurb.	6	5	-1
5	Groveton	Rural	5	6	1
5	Hemphill	Rural	2	4	2
5	Hudson	Rural	5	5	0
5	Huntington	Rural	5	6	1
5	Huxley	Rural	2	4	2
5	Jasper	Rural	4	5	1
5	Joaquin	Rural	2	4	2
5	Kennard	Rural	5	7	2
5	Kirbyville	Rural	4	6	2
5	Kountze	Rural	5	6	1
5	Latexo	Rural	2	4	2
5	Livingston	Rural	5	6	1
5	Lovelady	Rural	5	7	2
5	Lufkin	Rural	6	6	0
5	Lumberton	Rural	2	4	2
5	Mauriceville	Rural	5	5	0
5	Milam	Rural	2	4	2
5	Nacogdoches	Rural	6	7	1
5	Nederland	Urb/Exurb.	6	5	-1
5	Newton	Rural	5	7	2
5	Nome	Rural	7	6	-1
5	Oakhurst	Rural	4	5	1
5	Onalaska	Rural	5	7	2
5	Orange	Rural	6	6	0
5	Pine Forest	Rural	6	6	0
5	Pinehurst (Orange)	Rural	4	4	0
5	Pineland	Rural	5	7	2
5	Pinewood Estates	Rural	2	4	2
5	Point Blank	Rural	4	5	1
5	Port Arthur	Urb/Exurb.	5	4	-1
5	Port Neches	Urb/Exurb.	5	5	0
5	Rose City	Rural	6	6	0
5	Rose Hill Acres	Urb/Exurb.	5	7	2

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
5	San Augustine	Rural	4	6	2
5	Seven Oaks	Rural	2	4	2
5	Shepherd	Rural	2	5	3
5	Silsbee	Rural	4	6	2
5	Sour Lake	Rural	2	4	2
5	South Toledo Bend	Rural	2	4	2
5	Tenaha	Rural	4	6	2
5	Timpson	Rural	5	7	2
5	Trinity	Rural	4	6	2
5	Vidor	Rural	4	4	0
5	West Livingston	Rural	4	6	2
5	West Orange	Rural	5	5	0
5	Woodville	Rural	5	7	2
5	Zavalla	Rural	6	7	1
6	Aldine	Urb/Exurb.	5	4	-1
6	Alvin	Urb/Exurb.	5	6	1
6	Ames	Rural	4	5	1
6	Anahuac	Rural	5	6	1
6	Angleton	Rural	6	6	0
6	Arcola	Rural	5	6	1
6	Atascocita	Urb/Exurb.	6	6	0
6	Bacliff	Urb/Exurb.	6	7	1
6	Bailey's Prairie	Rural	4	4	0
6	Barrett	Rural	7	7	0
6	Bay City	Rural	4	6	2
6	Bayou Vista	Rural	5	5	0
6	Baytown	Urb/Exurb.	5	4	-1
6	Beach City	Urb/Exurb.	4	5	1
6	Beasley	Rural	5	5	0
6	Bellaire	Urb/Exurb.	5	5	0
6	Bellville	Rural	2	4	2
6	Blessing	Rural	2	4	2
6	Boling-Iago	Rural	2	4	2
6	Bolivar Peninsula	Rural	6	7	1
6	Bonney	Rural	4	4	0
6	Brazoria	Rural	5	6	1
6	Brookshire	Rural	5	7	2
6	Brookside Village	Urb/Exurb.	5	5	0
6	Bunker Hill Village	Urb/Exurb.	7	7	0
6	Channelview	Urb/Exurb.	7	6	-1
6	Cinco Ranch	Urb/Exurb.	6	6	0
6	Clear Lake Shores	Urb/Exurb.	5	5	0
6	Cleveland	Rural	5	7	2
6	Cloverleaf	Urb/Exurb.	7	7	0
6	Clute	Urb/Exurb.	5	5	0
6	Columbus	Rural	2	5	3
6	Conroe	Urb/Exurb.	5	5	0
6	Cove	Rural	5	7	2
6	Crosby	Rural	6	5	-1
6	Cumings	Urb/Exurb.	4	4	0
6	Cut and Shoot	Urb/Exurb.	6	7	1
6	Daisetta	Rural	4	6	2

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Damon	Rural	6	7	1
6	Danbury	Rural	6	7	1
6	Dayton	Rural	5	6	1
6	Dayton Lakes	Rural	2	4	2
6	Deer Park	Urb/Exurb.	6	6	0
6	Devers	Rural	5	7	2
6	Dickinson	Urb/Exurb.	6	7	1
6	Eagle Lake	Rural	4	6	2
6	East Bernard	Rural	4	5	1
6	El Campo	Rural	4	5	1
6	El Lago	Urb/Exurb.	6	5	-1
6	Fairchilds	Rural	4	5	1
6	Fifth Street	Urb/Exurb.	5	5	0
6	Four Corners	Urb/Exurb.	5	6	1
6	Freeport	Urb/Exurb.	6	6	0
6	Fresno	Urb/Exurb.	6	6	0
6	Friendswood	Urb/Exurb.	6	6	0
6	Fulshear	Rural	6	7	1
6	Galena Park	Urb/Exurb.	6	5	-1
6	Galveston	Urb/Exurb.	6	7	1
6	Greatwood	Urb/Exurb.	6	6	0
6	Hardin	Rural	2	4	2
6	Hedwig Village	Urb/Exurb.	6	6	0
6	Hempstead	Rural	4	4	0
6	Highlands	Urb/Exurb.	6	5	-1
6	Hillcrest	Urb/Exurb.	6	7	1
6	Hilshire Village	Urb/Exurb.	7	7	0
6	Hitchcock	Urb/Exurb.	4	4	0
6	Holiday Lakes	Rural	6	7	1
6	Houston	Urb/Exurb.	6	5	-1
6	Humble	Urb/Exurb.	6	4	-2
6	Hungerford	Rural	2	4	2
6	Hunters Creek Village	Urb/Exurb.	5	4	-1
6	Huntsville	Rural	6	7	1
6	Industry	Rural	2	4	2
6	Iowa Colony	Urb/Exurb.	6	6	0
6	Jacinto City	Urb/Exurb.	5	4	-1
6	Jamaica Beach	Urb/Exurb.	6	7	1
6	Jersey Village	Urb/Exurb.	5	4	-1
6	Jones Creek	Rural	5	5	0
6	Katy	Urb/Exurb.	5	4	-1
6	Kemah	Urb/Exurb.	6	7	1
6	Kendleton	Rural	5	5	0
6	Kenefick	Rural	4	5	1
6	La Marque	Urb/Exurb.	6	6	0
6	La Porte	Urb/Exurb.	5	4	-1
6	Lake Jackson	Urb/Exurb.	5	6	1
6	League City	Urb/Exurb.	4	4	0
6	Liberty	Rural	5	7	2
6	Liverpool	Rural	6	7	1
6	Louise	Rural	2	5	3
6	Magnolia	Rural	6	7	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Manvel	Urb/Exurb.	4	4	0
6	Markham	Rural	2	4	2
6	Meadows Place	Urb/Exurb.	4	4	0
6	Mission Bend	Urb/Exurb.	5	6	1
6	Missouri City	Urb/Exurb.	5	6	1
6	Mont Belvieu	Rural	4	5	1
6	Montgomery	Rural	6	7	1
6	Morgan's Point	Urb/Exurb.	6	6	0
6	Nassau Bay	Urb/Exurb.	7	7	0
6	Needville	Rural	4	4	0
6	New Territory	Urb/Exurb.	4	5	1
6	New Waverly	Rural	6	7	1
6	North Cleveland	Rural	2	4	2
6	Oak Ridge North	Urb/Exurb.	5	6	1
6	Old River-Winfree	Rural	5	7	2
6	Orchard	Rural	4	4	0
6	Oyster Creek	Rural	5	5	0
6	Palacios	Rural	2	5	3
6	Panorama Village	Urb/Exurb.	5	6	1
6	Pasadena	Urb/Exurb.	6	6	0
6	Pattison	Rural	4	5	1
6	Patton Village	Rural	6	6	0
6	Pearland	Urb/Exurb.	5	5	0
6	Pecan Grove	Rural	5	5	0
6	Pine Island	Rural	4	5	1
6	Pinehurst (Montgomery)	Rural	5	5	0
6	Piney Point Village	Urb/Exurb.	5	5	0
6	Pleak	Rural	6	7	1
6	Plum Grove	Rural	2	4	2
6	Porter Heights	Rural	4	4	0
6	Prairie View	Rural	2	4	2
6	Quintana	Rural	4	4	0
6	Richmond	Urb/Exurb.	6	6	0
6	Richwood	Urb/Exurb.	5	5	0
6	Riverside	Rural	6	7	1
6	Roman Forest	Rural	4	5	1
6	Rosenberg	Urb/Exurb.	5	5	0
6	San Felipe	Rural	5	7	2
6	San Leon	Urb/Exurb.	6	7	1
6	Santa Fe	Urb/Exurb.	5	5	0
6	Seabrook	Urb/Exurb.	5	5	0
6	Sealy	Rural	2	4	2
6	Sheldon	Rural	5	4	-1
6	Shenandoah	Urb/Exurb.	6	7	1
6	Shoreacres	Urb/Exurb.	7	7	0
6	Sienna Plantation	Urb/Exurb.	5	5	0
6	Simonton	Rural	6	7	1
6	South Houston	Urb/Exurb.	5	5	0
6	Southside Place	Urb/Exurb.	7	7	0
6	Splendora	Rural	6	7	1
6	Spring	Urb/Exurb.	5	5	0
6	Spring Valley	Urb/Exurb.	5	5	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Stafford	Urb/Exurb.	5	6	1
6	Stagecoach	Rural	4	4	0
6	Stowell	Rural	2	5	3
6	Sugar Land	Urb/Exurb.	5	6	1
6	Surfside Beach	Rural	5	5	0
6	Sweeny	Rural	5	5	0
6	Taylor Lake Village	Urb/Exurb.	5	4	-1
6	Texas City	Urb/Exurb.	6	7	1
6	The Woodlands	Urb/Exurb.	4	5	1
6	Thompsons	Urb/Exurb.	4	5	1
6	Tiki Island	Urb/Exurb.	4	4	0
6	Tomball	Rural	7	7	0
6	Van Vleck	Rural	2	4	2
6	Waller	Rural	4	5	1
6	Wallis	Rural	2	4	2
6	Webster	Urb/Exurb.	5	4	-1
6	Weimar	Rural	4	6	2
6	West Columbia	Rural	6	7	1
6	West University Place	Urb/Exurb.	5	4	-1
6	Wharton	Rural	4	6	2
6	Wild Peach Village	Rural	4	4	0
6	Willis	Rural	4	4	0
6	Winnie	Rural	2	5	3
6	Woodbranch	Rural	4	5	1
6	Woodloch	Rural	6	7	1
7	Anderson Mill	Urb/Exurb.	6	6	0
7	Austin	Urb/Exurb.	7	6	-1
7	Bartlett	Rural	6	7	1
7	Barton Creek	Urb/Exurb.	7	7	0
7	Bastrop	Rural	4	6	2
7	Bear Creek	Rural	4	4	0
7	Bee Cave	Rural	6	5	-1
7	Bertram	Rural	4	5	1
7	Blanco	Rural	5	6	1
7	Briarcliff	Rural	5	5	0
7	Brushy Creek	Urb/Exurb.	5	5	0
7	Buchanan Dam	Rural	4	6	2
7	Buda	Urb/Exurb.	4	5	1
7	Burnet	Rural	4	5	1
7	Camp Swift	Rural	2	4	2
7	Carmine	Rural	5	7	2
7	Cedar Park	Urb/Exurb.	4	4	0
7	Circle D-KC Estates	Rural	2	4	2
7	Cottonwood Shores	Rural	5	7	2
7	Creedmoor	Rural	5	4	-1
7	Dripping Springs	Rural	4	4	0
7	Elgin	Rural	4	5	1
7	Fayetteville	Rural	2	5	3
7	Flatonia	Rural	4	6	2
7	Florence	Rural	6	7	1
7	Garfield	Rural	5	5	0
7	Georgetown	Urb/Exurb.	5	4	-1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
7	Giddings	Rural	2	4	2
7	Granger	Rural	6	6	0
7	Granite Shoals	Rural	5	6	1
7	Hays	Rural	4	4	0
7	Highland Haven	Rural	5	7	2
7	Horseshoe Bay	Rural	2	5	3
7	Hudson Bend	Urb/Exurb.	6	6	0
7	Hutto	Rural	5	6	1
7	Johnson City	Rural	2	4	2
7	Jollyville	Urb/Exurb.	5	6	1
7	Jonestown	Rural	7	7	0
7	Kingsland	Rural	2	4	2
7	Kyle	Rural	4	4	0
7	La Grange	Rural	4	6	2
7	Lago Vista	Rural	7	7	0
7	Lakeway	Rural	6	5	-1
7	Leander	Urb/Exurb.	6	7	1
7	Lexington	Rural	4	5	1
7	Liberty Hill	Rural	4	4	0
7	Llano	Rural	4	5	1
7	Lockhart	Rural	4	6	2
7	Lost Creek	Urb/Exurb.	5	5	0
7	Luling	Rural	4	5	1
7	Manor	Urb/Exurb.	5	4	-1
7	Marble Falls	Rural	4	5	1
7	Martindale	Rural	5	6	1
7	Meadowlakes	Rural	5	7	2
7	Mountain City	Rural	6	7	1
7	Mustang Ridge	Rural	2	4	2
7	Niederwald	Rural	5	5	0
7	Onion Creek	Urb/Exurb.	5	5	0
7	Pflugerville	Urb/Exurb.	5	4	-1
7	Rollingwood	Urb/Exurb.	7	7	0
7	Round Mountain	Rural	2	4	2
7	Round Rock	Urb/Exurb.	5	6	1
7	Round Top	Rural	2	4	2
7	San Leanna	Urb/Exurb.	7	7	0
7	San Marcos	Urb/Exurb.	6	7	1
7	Schulenburg	Rural	5	6	1
7	Serenada	Urb/Exurb.	6	7	1
7	Shady Hollow	Urb/Exurb.	6	5	-1
7	Smithville	Rural	5	7	2
7	Sunrise Beach Village	Rural	5	7	2
7	Sunset Valley	Urb/Exurb.	7	6	-1
7	Taylor	Rural	5	6	1
7	The Hills	Rural	5	4	-1
7	Thrall	Rural	5	6	1
7	Uhland	Rural	6	7	1
7	Weir	Rural	5	5	0
7	Wells Branch	Urb/Exurb.	6	6	0
7	West Lake Hills	Urb/Exurb.	5	4	-1
7	Wimberley	Rural	5	6	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
7	Windemere	Urb/Exurb.	6	6	0
7	Woodcreek	Rural	6	6	0
7	Wyldwood	Rural	2	4	2
8	Abbott	Rural	5	5	0
8	Anderson	Rural	4	4	0
8	Aquilla	Rural	6	7	1
8	Bellmead	Urb/Exurb.	6	5	-1
8	Belton	Urb/Exurb.	6	6	0
8	Beverly Hills	Urb/Exurb.	7	6	-1
8	Blum	Rural	6	7	1
8	Bremond	Rural	4	5	1
8	Brenham	Rural	5	5	0
8	Bruceville-Eddy	Rural	6	6	0
8	Bryan	Urb/Exurb.	7	7	0
8	Buckholts	Rural	6	7	1
8	Buffalo	Rural	5	7	2
8	Burton	Rural	5	5	0
8	Bynum	Rural	6	7	1
8	Caldwell	Rural	4	5	1
8	Calvert	Rural	4	4	0
8	Cameron	Rural	4	4	0
8	Carl's Corner	Rural	6	7	1
8	Centerville	Rural	4	6	2
8	Clifton	Rural	2	4	2
8	College Station	Urb/Exurb.	7	7	0
8	Coolidge	Rural	5	6	1
8	Copperas Cove	Urb/Exurb.	5	5	0
8	Covington	Rural	4	4	0
8	Cranfills Gap	Rural	4	5	1
8	Crawford	Rural	5	5	0
8	Evant	Rural	6	7	1
8	Fairfield	Rural	5	6	1
8	Fort Hood	Urb/Exurb.	5	4	-1
8	Franklin	Rural	5	5	0
8	Gatesville	Rural	6	4	-2
8	Gholson	Rural	5	4	-1
8	Goldthwaite	Rural	4	6	2
8	Golinda	Rural	6	6	0
8	Groesbeck	Rural	5	5	0
8	Hallsburg	Rural	7	6	-1
8	Hamilton	Rural	2	4	2
8	Harker Heights	Urb/Exurb.	6	5	-1
8	Hearne	Rural	6	6	0
8	Hewitt	Urb/Exurb.	5	5	0
8	Hico	Rural	4	5	1
8	Hillsboro	Rural	6	6	0
8	Holland	Rural	6	5	-1
8	Hubbard	Rural	4	4	0
8	Iredell	Rural	4	5	1
8	Itasca	Rural	4	4	0
8	Jewett	Rural	5	7	2
8	Kempner	Rural	6	6	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
8	Killeen	Urb/Exurb.	6	5	-1
8	Kirvin	Rural	4	4	0
8	Kosse	Rural	6	7	1
8	Lacy-Lakeview	Urb/Exurb.	6	6	0
8	Lampasas	Rural	5	5	0
8	Leona	Rural	5	7	2
8	Leroy	Rural	5	4	-1
8	Little River-Academy	Rural	7	7	0
8	Lometa	Rural	5	5	0
8	Lorena	Rural	5	4	-1
8	Lott	Rural	5	6	1
8	Madisonville	Rural	2	5	3
8	Malone	Rural	4	4	0
8	Marlin	Rural	5	6	1
8	Marquez	Rural	4	6	2
8	Mart	Rural	7	7	0
8	McGregor	Urb/Exurb.	7	6	-1
8	Meridian	Rural	2	4	2
8	Mertens	Rural	6	7	1
8	Mexia	Rural	6	7	1
8	Midway	Rural	2	4	2
8	Milano	Rural	4	5	1
8	Millican	Rural	5	4	-1
8	Moody	Rural	7	7	0
8	Morgan	Rural	2	4	2
8	Morgan's Point Resort	Rural	6	5	-1
8	Mount Calm	Rural	5	5	0
8	Mullin	Rural	5	6	1
8	Navasota	Rural	6	6	0
8	Nolanville	Rural	7	6	-1
8	Normangee	Rural	2	4	2
8	Oakwood	Rural	4	5	1
8	Oglesby	Rural	6	7	1
8	Penelope	Rural	6	7	1
8	Richland Springs	Rural	2	4	2
8	Riesel	Rural	7	7	0
8	Robinson	Urb/Exurb.	5	5	0
8	Rockdale	Rural	5	6	1
8	Rogers	Rural	6	5	-1
8	Rosebud	Rural	5	5	0
8	Ross	Rural	5	4	-1
8	Salado	Rural	5	4	-1
8	San Saba	Rural	4	5	1
8	Snook	Rural	5	7	2
8	Somerville	Rural	5	6	1
8	South Mountain	Rural	4	5	1
8	Streetman	Rural	4	4	0
8	Teague	Rural	4	5	1
8	Tehuacana	Rural	4	5	1
8	Temple	Urb/Exurb.	6	5	-1
8	Thorndale	Rural	6	6	0
8	Thornton	Rural	5	5	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
8	Todd Mission	Rural	4	4	0
8	Troy	Rural	7	6	-1
8	Valley Mills	Rural	2	4	2
8	Waco	Urb/Exurb.	7	7	0
8	Walnut Springs	Rural	2	4	2
8	West	Rural	6	5	-1
8	Whitney	Rural	6	7	1
8	Wixon Valley	Rural	7	7	0
8	Woodway	Urb/Exurb.	5	4	-1
8	Wortham	Rural	6	7	1
9	Alamo Heights	Urb/Exurb.	6	5	-1
9	Balcones Heights	Urb/Exurb.	7	7	0
9	Bandera	Rural	2	4	2
9	Bigfoot	Rural	2	4	2
9	Boerne	Rural	4	6	2
9	Bulverde	Rural	4	4	0
9	Canyon Lake	Rural	5	5	0
9	Castle Hills	Urb/Exurb.	7	7	0
9	Castroville	Rural	5	6	1
9	Charlotte	Rural	4	4	0
9	China Grove	Rural	5	4	-1
9	Christine	Rural	4	4	0
9	Cibolo	Rural	6	7	1
9	Comfort	Rural	2	5	3
9	Converse	Urb/Exurb.	6	6	0
9	Cross Mountain	Urb/Exurb.	5	4	-1
9	Devine	Rural	6	6	0
9	Dilley	Rural	5	7	2
9	Elmendorf	Rural	6	5	-1
9	Fair Oaks Ranch	Urb/Exurb.	6	5	-1
9	Falls City	Rural	2	5	3
9	Floresville	Rural	4	4	0
9	Fredericksburg	Rural	2	4	2
9	Garden Ridge	Rural	6	7	1
9	Geronimo	Urb/Exurb.	4	4	0
9	Grey Forest	Rural	5	5	0
9	Harper	Rural	4	5	1
9	Helotes	Urb/Exurb.	6	5	-1
9	Hill Country Village	Urb/Exurb.	5	4	-1
9	Hilltop	Rural	2	4	2
9	Hollywood Park	Urb/Exurb.	7	7	0
9	Hondo	Rural	4	4	0
9	Ingram	Rural	6	7	1
9	Jourdanton	Rural	6	7	1
9	Karnes City	Rural	4	6	2
9	Kenedy	Rural	4	5	1
9	Kerrville	Rural	6	7	1
9	Kingsbury	Rural	4	4	0
9	Kirby	Urb/Exurb.	7	6	-1
9	La Vernia	Rural	5	7	2
9	Lackland AFB	Urb/Exurb.	5	4	-1
9	LaCoste	Rural	5	6	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
9	Lakehills	Rural	5	7	2
9	Leon Valley	Urb/Exurb.	6	5	-1
9	Live Oak	Urb/Exurb.	6	5	-1
9	Lytle	Rural	4	4	0
9	Marion	Rural	5	6	1
9	McQueeney	Urb/Exurb.	5	5	0
9	Moore	Rural	2	5	3
9	Natalia	Rural	6	7	1
9	New Berlin	Rural	4	4	0
9	New Braunfels	Urb/Exurb.	6	6	0
9	North Pearsall	Rural	2	5	3
9	Northcliff	Rural	5	5	0
9	Olmos Park	Urb/Exurb.	5	5	0
9	Pearsall	Rural	2	5	3
9	Pleasanton	Rural	6	7	1
9	Poteet	Rural	6	5	-1
9	Poth	Rural	4	5	1
9	Redwood	Rural	5	6	1
9	Runge	Rural	5	7	2
9	San Antonio	Urb/Exurb.	6	6	0
9	Santa Clara	Rural	6	7	1
9	Scenic Oaks	Urb/Exurb.	5	4	-1
9	Schertz	Urb/Exurb.	5	6	1
9	Seguin	Urb/Exurb.	5	6	1
9	Selma	Urb/Exurb.	7	7	0
9	Shavano Park	Urb/Exurb.	5	4	-1
9	Somerset	Rural	7	7	0
9	St. Hedwig	Rural	7	6	-1
9	Stockdale	Rural	5	6	1
9	Stonewall	Rural	4	6	2
9	Terrell Hills	Urb/Exurb.	6	5	-1
9	Timberwood Park	Urb/Exurb.	5	4	-1
9	Universal City	Rural	7	6	-1
9	West Pearsall	Rural	5	7	2
9	Windcrest	Urb/Exurb.	7	7	0
9	Zuehl	Rural	4	4	0
10	Agua Dulce (Nueces)	Rural	7	6	-1
10	Airport Road Addition	Rural	2	4	2
10	Alfred-South La Paloma	Rural	2	4	2
10	Alice	Rural	4	5	1
10	Alice Acres	Rural	2	4	2
10	Aransas Pass	Rural	5	5	0
10	Austwell	Rural	5	7	2
10	Bayside	Rural	5	7	2
10	Beeville	Rural	4	6	2
10	Benavides	Rural	5	6	1
10	Bishop	Rural	7	6	-1
10	Bloomington	Rural	6	7	1
10	Blue Berry Hill	Rural	2	4	2
10	Cantu Addition	Rural	2	4	2
10	Concepcion	Rural	2	4	2
10	Corpus Christi	Urb/Exurb.	7	6	-1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
10	Coyote Acres	Rural	2	4	2
10	Cuero	Rural	5	7	2
10	Del Sol-Loma Linda	Rural	4	4	0
10	Doyle	Rural (USDA)	4	4	0
10	Driscoll	Rural	7	7	0
10	Edgewater-Paisano	Rural	6	7	1
10	Edna	Rural	4	6	2
10	Edroy	Rural	4	4	0
10	Encino	Rural	2	4	2
10	Falfurrias	Rural	5	7	2
10	Falman-County Acres	Rural	6	7	1
10	Flowella	Rural	2	4	2
10	Freer	Rural	4	5	1
10	Fulton	Rural	4	6	2
10	Ganado	Rural	4	5	1
10	George West	Rural	2	5	3
10	Goliad	Rural	2	5	3
10	Gonzales	Rural	4	6	2
10	Gregory	Rural	5	5	0
10	Hallettsville	Rural	4	6	2
10	Inez	Rural	5	5	0
10	Ingleside	Urb/Exurb.	5	5	0
10	Ingleside on the Bay	Urb/Exurb.	6	7	1
10	K-Bar Ranch	Rural	5	7	2
10	Kingsville	Rural	6	7	1
10	La Paloma-Lost Creek	Rural	7	7	0
10	La Ward	Rural	5	7	2
10	Lake City	Rural	5	5	0
10	Lakeshore Gardens-Hidden Acres	Rural	4	4	0
10	Lakeside (San Patricio)	Rural	4	4	0
10	Lolita	Rural	2	4	2
10	Loma Linda East	Rural	2	4	2
10	Mathis	Rural	6	7	1
10	Morgan Farm Area	Rural	6	7	1
10	Moulton	Rural	4	5	1
10	Nixon	Rural	5	6	1
10	Nordheim	Rural	4	5	1
10	Normanna	Rural	2	4	2
10	North San Pedro	Rural	6	5	-1
10	Odem	Rural	5	6	1
10	Orange Grove	Rural	5	7	2
10	Owl Ranch-Amargosa	Rural	5	7	2
10	Pawnee	Rural	2	4	2
10	Pernitas Point	Rural	5	7	2
10	Petronila	Rural	5	4	-1
10	Pettus	Rural	4	5	1
10	Point Comfort	Rural	4	6	2
10	Port Aransas	Urb/Exurb.	7	7	0
10	Port Lavaca	Rural	4	6	2
10	Portland	Urb/Exurb.	5	6	1
10	Premont	Rural	5	6	1
10	Rancho Alegre	Rural	5	6	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
10	Rancho Banquete	Rural	5	4	-1
10	Rancho Chico	Rural	6	7	1
10	Realitos	Rural	2	4	2
10	Refugio	Rural	2	5	3
10	Robstown	Rural	5	5	0
10	Rockport	Rural	4	5	1
10	San Diego	Rural	4	6	2
10	San Patricio	Rural	6	7	1
10	Sandia	Rural	2	4	2
10	Sandy Hollow-Escondidas	Rural	6	5	-1
10	Seadrift	Rural	5	6	1
10	Shiner	Rural	4	6	2
10	Sinton	Rural	6	6	0
10	Skidmore	Rural	5	7	2
10	Smiley	Rural	5	6	1
10	Spring Garden-Terra Verde	Rural	5	4	-1
10	St. Paul (San Patricio)	Rural	4	4	0
10	Taft	Rural	6	6	0
10	Taft Southwest	Rural	4	5	1
10	Three Rivers	Rural	4	6	2
10	Tierra Grande	Rural	6	5	-1
10	Tradewinds	Rural	4	4	0
10	Tuleta	Rural	2	4	2
10	Tulsita	Rural	2	4	2
10	Tynan	Rural	4	6	2
10	Vanderbilt	Rural	2	4	2
10	Victoria	Urb/Exurb.	5	6	1
10	Waelder	Rural	4	5	1
10	Westdale	Rural	2	4	2
10	Woodsboro	Rural	5	6	1
10	Yoakum	Rural	5	7	2
10	Yorktown	Rural	4	6	2
11	Abram-Perezville	Rural	7	7	0
11	Alamo	Urb/Exurb.	5	4	-1
11	Alto Bonito	Rural	4	4	0
11	Alton	Rural	6	4	-2
11	Alton North	Rural	7	6	-1
11	Arroyo Alto	Rural	5	4	-1
11	Arroyo Colorado Estates	Rural	7	7	0
11	Arroyo Gardens-La Tina Ranch	Rural	5	4	-1
11	Asherton	Rural	6	7	1
11	Batesville	Rural	5	6	1
11	Bausell and Ellis	Rural	2	4	2
11	Bayview	Rural	7	7	0
11	Big Wells	Rural	6	7	1
11	Bixby	Rural	5	4	-1
11	Bluetown-Iglesia Antigua	Rural	6	6	0
11	Botines	Rural	7	7	0
11	Box Canyon-Amistad	Rural	4	4	0
11	Brackettville	Rural	5	7	2
11	Brownsville	Urb/Exurb.	6	6	0
11	Brundage	Rural	4	4	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Bruni	Rural	5	4	-1
11	Cameron Park	Urb/Exurb.	6	5	-1
11	Camp Wood	Rural	5	7	2
11	Carrizo Hill	Rural	6	7	1
11	Carrizo Springs	Rural	6	7	1
11	Catarina	Rural	4	4	0
11	Cesar Chavez	Urb/Exurb.	7	6	-1
11	Chula Vista-Orason	Rural	7	7	0
11	Chula Vista-River Spur	Rural	4	4	0
11	Cienegas Terrace	Rural	6	7	1
11	Citrus City	Rural	5	4	-1
11	Combes	Urb/Exurb.	6	6	0
11	Cotulla	Rural	2	4	2
11	Crystal City	Rural	5	6	1
11	Cuevitas	Rural	5	4	-1
11	Del Mar Heights	Rural	5	4	-1
11	Del Rio	Rural	5	6	1
11	Doffing	Rural	7	6	-1
11	Donna	Rural	5	4	-1
11	Doolittle	Urb/Exurb.	6	5	-1
11	Eagle Pass	Rural	6	7	1
11	Edcouch	Rural	6	4	-2
11	Edinburg	Urb/Exurb.	6	6	0
11	Eidson Road	Rural	5	5	0
11	El Camino Angosto	Urb/Exurb.	5	4	-1
11	El Cenizo	Rural	6	5	-1
11	El Indio	Rural	6	7	1
11	El Refugio	Rural	6	7	1
11	Elm Creek	Rural	4	4	0
11	Elsa	Rural	7	7	0
11	Encantada-Ranchito El Calaboz	Rural	5	4	-1
11	Encinal	Rural	5	7	2
11	Escobares	Rural	6	6	0
11	Falcon Heights	Rural	4	4	0
11	Falcon Lake Estates	Rural	5	6	1
11	Falcon Mesa	Rural	4	4	0
11	Falcon Village	Rural	6	7	1
11	Faysville	Urb/Exurb.	7	7	0
11	Fowlerton	Rural	2	4	2
11	Fronton	Rural	4	4	0
11	Garceno	Rural	6	7	1
11	Grand Acres	Rural	5	4	-1
11	Granjeno	Urb/Exurb.	5	4	-1
11	Green Valley Farms	Rural	5	4	-1
11	Guerra	Rural	2	4	2
11	Harlingen	Urb/Exurb.	7	6	-1
11	Havana	Rural	6	6	0
11	Hebbronville	Rural	5	6	1
11	Heidelberg	Rural	7	7	0
11	Hidalgo	Rural	6	6	0
11	Indian Hills	Rural	6	5	-1
11	Indian Lake	Rural	7	7	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Knippa	Rural	5	5	0
11	La Blanca	Rural	7	7	0
11	La Casita-Garciasville	Rural	5	5	0
11	La Feria	Rural	7	7	0
11	La Feria North	Rural	7	7	0
11	La Grulla	Rural	5	5	0
11	La Homa	Urb/Exurb.	6	6	0
11	La Joya	Rural	7	7	0
11	La Paloma	Rural	7	7	0
11	La Presa	Rural	5	4	-1
11	La Pryor	Rural	6	6	0
11	La Puerta	Rural	4	4	0
11	La Rosita	Rural	5	6	1
11	La Victoria	Rural	4	4	0
11	La Villa	Rural	5	4	-1
11	Lago	Rural	7	7	0
11	Laguna Heights	Rural	6	5	-1
11	Laguna Seca	Rural	5	4	-1
11	Laguna Vista	Rural	5	4	-1
11	Lake View	Rural	4	4	0
11	Laredo	Urb/Exurb.	7	6	-1
11	Laredo Ranchettes	Rural	5	4	-1
11	Larga Vista	Urb/Exurb.	7	7	0
11	Las Colonias	Rural	6	7	1
11	Las Lomas	Rural	6	7	1
11	Las Lomitas	Rural	2	4	2
11	Las Palmas-Juarez	Rural	6	5	-1
11	Las Quintas Fronterizas	Rural	5	5	0
11	Lasana	Urb/Exurb.	5	4	-1
11	Lasara	Rural	4	5	1
11	Laughlin AFB	Rural	5	5	0
11	Laureles	Rural	6	6	0
11	Leakey	Rural	5	7	2
11	Llano Grande	Urb/Exurb.	7	6	-1
11	Lopeno	Rural	4	4	0
11	Lopezville	Urb/Exurb.	6	5	-1
11	Los Alvarez	Rural	5	5	0
11	Los Angeles Subdivision	Rural	5	7	2
11	Los Ebanos	Rural	6	6	0
11	Los Fresnos	Rural	6	5	-1
11	Los Indios	Rural	5	4	-1
11	Los Villareales	Rural	4	4	0
11	Lozano	Rural	5	4	-1
11	Lyford	Rural	4	6	2
11	Lyford South	Rural	5	7	2
11	McAllen	Urb/Exurb.	7	6	-1
11	Medina	Rural	5	5	0
11	Mercedes	Rural	6	6	0
11	Midway North	Urb/Exurb.	5	4	-1
11	Midway South	Urb/Exurb.	6	6	0
11	Mila Doce	Rural	6	5	-1
11	Mirando City	Rural	7	7	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Mission	Urb/Exurb.	6	5	-1
11	Monte Alto	Rural	6	6	0
11	Morales-Sanchez	Rural	4	4	0
11	Muniz	Rural	7	7	0
11	New Falcon	Rural	4	4	0
11	North Alamo	Urb/Exurb.	6	5	-1
11	North Escobares	Rural	6	7	1
11	Nurillo	Urb/Exurb.	6	6	0
11	Oilton	Rural	5	4	-1
11	Olivarez	Rural	6	6	0
11	Olmito	Urb/Exurb.	7	6	-1
11	Palm Valley	Urb/Exurb.	6	5	-1
11	Palmhurst	Urb/Exurb.	6	6	0
11	Palmview	Urb/Exurb.	6	6	0
11	Palmview South	Urb/Exurb.	6	6	0
11	Penitas	Rural	7	6	-1
11	Pharr	Urb/Exurb.	6	5	-1
11	Port Isabel	Rural	6	6	0
11	Port Mansfield	Rural	4	6	2
11	Primera	Urb/Exurb.	6	6	0
11	Progreso	Rural	7	6	-1
11	Progreso Lakes	Rural	5	4	-1
11	Quemado	Rural	4	4	0
11	Radar Base	Rural	4	4	0
11	Ranchette Estates	Rural	2	4	2
11	Ranchitos Las Lomas	Rural	5	4	-1
11	Rancho Viejo	Urb/Exurb.	6	6	0
11	Ranchos Penitas West	Urb/Exurb.	5	4	-1
11	Rangerville	Rural	5	4	-1
11	Ratamosa	Rural	5	4	-1
11	Raymondville	Rural	4	5	1
11	Reid Hope King	Urb/Exurb.	7	7	0
11	Relampago	Rural	5	4	-1
11	Rio Bravo	Urb/Exurb.	6	5	-1
11	Rio Grande City	Rural	5	5	0
11	Rio Hondo	Rural	6	6	0
11	Rocksprings	Rural	4	6	2
11	Roma	Rural	6	7	1
11	Roma Creek	Rural	4	4	0
11	Rosita North	Rural	5	5	0
11	Rosita South	Rural	5	6	1
11	Sabinal	Rural	6	7	1
11	Salineno	Rural	4	4	0
11	San Benito	Urb/Exurb.	7	6	-1
11	San Carlos	Rural	7	7	0
11	San Ignacio	Rural	4	4	0
11	San Isidro	Rural	5	6	1
11	San Juan	Urb/Exurb.	6	6	0
11	San Manuel-Linn	Rural	5	4	-1
11	San Pedro	Rural	5	4	-1
11	San Perlita	Rural	5	7	2
11	Santa Cruz	Rural	6	7	1

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Santa Maria	Rural	6	5	-1
11	Santa Monica	Rural	2	4	2
11	Santa Rosa	Rural	5	4	-1
11	Scissors	Rural	5	4	-1
11	Sebastian	Rural	2	4	2
11	Siesta Shores	Rural	4	4	0
11	Solis	Rural	7	7	0
11	South Alamo	Rural	6	6	0
11	South Fork Estates	Rural	2	4	2
11	South Padre Island	Rural	7	7	0
11	South Point	Rural	7	7	0
11	Spofford	Rural	2	4	2
11	Sullivan City	Rural	6	6	0
11	Tierra Bonita	Rural	5	4	-1
11	Utopia	Rural	5	6	1
11	Uvalde	Rural	6	7	1
11	Uvalde Estates	Rural	6	6	0
11	Val Verde Park	Rural	5	6	1
11	Villa del Sol	Rural	5	4	-1
11	Villa Pancho	Urb/Exurb.	7	7	0
11	Villa Verde	Urb/Exurb.	5	4	-1
11	Weslaco	Urb/Exurb.	6	5	-1
11	West Sharyland	Rural	6	5	-1
11	Willamar	Rural	2	4	2
11	Yznaga	Rural	5	4	-1
11	Zapata	Rural	6	5	-1
11	Zapata Ranch	Rural	2	4	2
12	Ackerly	Rural	5	5	0
12	Andrews	Rural	5	6	1
12	Balmorhea	Rural	4	4	0
12	Barstow	Rural	6	7	1
12	Big Lake	Rural	4	6	2
12	Big Spring	Rural	6	6	0
12	Brady	Rural	5	5	0
12	Bronte	Rural	6	7	1
12	Christoval	Rural	7	7	0
12	Coahoma	Rural	5	5	0
12	Coyanosa	Rural	2	4	2
12	Crane	Rural	5	7	2
12	Eden	Rural	5	7	2
12	Eldorado	Rural	2	4	2
12	Forsan	Rural	5	5	0
12	Fort Stockton	Rural	2	4	2
12	Gardendale	Rural	5	4	-1
12	Goldsmith	Rural	5	5	0
12	Grandfalls	Rural	5	6	1
12	Grape Creek	Rural	6	6	0
12	Imperial	Rural	2	4	2
12	Iraan	Rural	2	4	2
12	Junction	Rural	5	6	1
12	Kermit	Rural	5	5	0
12	Lamesa	Rural	6	6	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
12	Lindsay (Reeves)	Rural	4	4	0
12	Los Ybanez	Rural	4	4	0
12	Mason	Rural	5	6	1
12	McCamey	Rural	4	5	1
12	Melvin	Rural	6	7	1
12	Menard	Rural	4	6	2
12	Mertzon	Rural	2	4	2
12	Midland	Urb/Exurb.	7	6	-1
12	Monahans	Rural	6	7	1
12	Odessa	Urb/Exurb.	6	6	0
12	Ozona	Rural	2	5	3
12	Paint Rock	Rural	5	7	2
12	Pecos	Rural	5	4	-1
12	Pyote	Rural	4	4	0
12	Rankin	Rural	2	4	2
12	Robert Lee	Rural	6	7	1
12	San Angelo	Urb/Exurb.	7	7	0
12	Sanderson	Rural	5	7	2
12	Seagraves	Rural	6	6	0
12	Seminole	Rural	4	5	1
12	Sonora	Rural	2	4	2
12	Stanton	Rural	4	6	2
12	Sterling City	Rural	4	5	1
12	Thorntonville	Rural	4	4	0
12	Toyah	Rural	4	4	0
12	West Odessa	Urb/Exurb.	6	6	0
12	Wickett	Rural	6	7	1
12	Wink	Rural	5	5	0
13	Agua Dulce (El Paso)	Rural	5	4	-1
13	Alpine	Rural	6	7	1
13	Anthony	Urb/Exurb.	5	4	-1
13	Butterfield	Rural	5	4	-1
13	Canutillo	Urb/Exurb.	6	5	-1
13	Clint	Rural	5	4	-1
13	Dell City	Rural	5	6	1
13	El Paso	Urb/Exurb.	7	7	0
13	Fabens	Rural	7	7	0
13	Fort Bliss	Urb/Exurb.	5	5	0
13	Fort Davis	Rural	4	5	1
13	Fort Hancock	Rural	5	6	1
13	Homestead Meadows North	Rural	6	6	0
13	Homestead Meadows South	Rural	7	7	0
13	Horizon City	Rural	5	4	-1
13	Marathon	Rural	5	5	0
13	Marfa	Rural	5	5	0
13	Morning Glory	Rural	5	4	-1
13	Prado Verde	Urb/Exurb.	5	4	-1
13	Presidio	Rural	5	6	1
13	Redford	Rural	4	4	0
13	San Elizario	Urb/Exurb.	6	5	-1
13	Sierra Blanca	Rural	4	5	1
13	Socorro	Urb/Exurb.	6	6	0

Region	Area Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
13	Sparks	Rural	7	6	-1
13	Study Butte-Terlingua	Rural	5	5	0
13	Tornillo	Rural	7	7	0
13	Valentine	Rural	4	6	2
13	Van Horn	Rural	5	7	2
13	Vinton	Rural	7	7	0
13	Westway	Urb/Exurb.	7	7	0

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Presentation, Discussion and Approval of the Legislative Appropriations Request (LAR)

Required Action

The Board approve the Department's submission of the FY 2008-09 LAR

Background

The FY 2008-09 LAR serves as an instrument that provides the budget details that support the Agency's Strategic Plan. It provides information related to performance targets, cost and method of finance. The LAR consists of two components. The first is a baseline level which is the General Revenue for 2006-07 reduced by 10%, as requested in a letter to all state agencies by the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) dated June 2, 2006 (see attachment). The second relates to exceptional items which are requests for General Revenue above the baseline request. The Department will present the LAR in a public hearing to the LBB and GOBPP. Subsequently, they will make recommendations to members of the 80th Legislature prior to the January 2007 session. The Legislature, with input from the Comptroller of Public Accounts and the Governor, will adopt the General Appropriations Act for FY 2008-09.

LAR highlights include:

1. Reduction of $906,551 from $9,410,856 to $8,504,305
2. <u>3 Exceptional Items:</u>

a) Bond Review Board (BRB) Fees	$688,000
b) Continuum of Care (CoC) Funding	$218,000
c) System Benefit Fund	$10 million

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Board Meeting
Summarized LAR Highlights

August 30, 2006

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Major Milestones

The 2008–09 cycle for allocating state resources began with the issuance of *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2007–11* (March 2006). Below are major milestones in the current cycle:

• Strategic planning instructions issued	March 2006
• Agency request to modify budget structure submitted	April 7, 2006
• Instructions for biennial 2008–09 Legislative Appropriations Request issued	June 2006
• LBB/GOBPP approve agency budget structures	April, May 2006
• Agency submits strategic plan for 2007–11	June 23, 2006 and July 7, 2006
• Agency submits 2006–07 base reconciliation	June 2006
• Agency submits biennial 2008–09 Legislative Appropriations Request	July, August 2006
• LBB/GOBPP staff conduct joint budget hearings	August, September 2006
• LBB delivers budget recommendations to the Eightieth Legislature	January 2007
• Governor delivers budget proposal to the Eightieth Legislature	January 2007
• Legislature considers and adopts appropriations bill	January - May 2007
• Comptroller of Public Accounts certifies appropriations bill	June 2007
• Governor approves General Appropriations Act and issues veto proclamation	June 2007

Legislative Budget Board
Robert E. Johnson Bldg.
1501 N. Congress Avenue, 5th Floor
Austin, TX 78701
(512) 463-1200

Governors Office of
Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701
512) 463-1778

MEMORANDUM

June 2, 2006

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors and Presidents of Institutions of Higher Education
Presidents and Directors of Health-related Institutions

Detailed instructions for the submission of legislative appropriations requests for the 2008-09 biennium have been posted on the Legislative Budget Board and Governor's Office websites. A schedule of due dates is included as an appendix to the instructions.

As a starting point for budget deliberations, an agency's baseline request for general revenue-related funds will be limited to 90 percent of the sum of amounts expended in fiscal year 2006 and budgeted in fiscal year 2007 plus an amount equal to the GR-related allocation for the 3 percent / $50 employee pay raise in 2007. Exceptions to the 90 percent limitation include amounts necessary to maintain public education funding based on legislative action, satisfy debt service requirements for existing bond authorizations, maintain caseloads for federal entitlement services, and maintain adult prison populations.

Funding requests for other purposes which exceed the baseline spending level may not be included in the baseline request but may be submitted as exceptional items. The Administrator's Statement accompanying the budget request should identify which exceptional items are tied to reaching 100 percent of the 2006-07 spending level.

We appreciate the opportunity to work with you and your staff during this new budget cycle.

Sincerely,

John O'Brien, Deputy Director
Legislative Budget Board

Mike Morrissey, Director
Governor's Office of Budget, Planning and Policy

JOB/MM:fis

ADMINISTRATOR'S STATEMENT

Agency Name: Texas Department of Housing and Community Affairs
80th Regular Session

There are two main themes woven through the budget submission for the 80th Regular Session by the Texas Department of Housing and Community Affairs ("The Department"): Maximizing and Leveraging the Efficiency of Existing Funds and Disaster Relief for Areas of East and Southeast Texas stricken by Hurricane Rita.

Outside of the 10 percent reduction in General Revenue, the budget request from the Department for fiscal years 2008-09 is very similar to the previous biennium. The approved General Revenue budget base for fiscal years 2006-2007 was $9,410,856 and the Department is requesting $8,504,305 for fiscal years 2008-2009 showing a reduction of $906,551 from the current biennium. The Department believes it can meet its current performance measures within the existing bill pattern with its base request for the next biennium.

The Department's top priority is the restoration of $906,551 in General Revenue funds to reach 100 percent of the 2006-07 General Revenue funding base. The Department has identified two important uses for these restored funds that would maximize program efficiencies and leverage other funding sources for the benefit of the state and is requesting related Exceptional Items. The bulk of the restoration – or $688,000 over the biennium – would support the Department fulfilling unfunded mandates from Section 2306.259 of the Texas Government Code and establishing an affordable housing research and information program. Through the use of these funds the Department would contract for periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state; research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods; independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and, public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

The Department has been unable to fulfill the purposes of Section 2306.259 due to the lack of appropriated funds. During the 78th Regular Session, legislation was passed to increase the application fee for multifamily Private Activity Bond applicants. Senate Bill 1664 increased Bond Review Board (BRB) application fees for issuers of qualified residential rental project bonds from the then existing $500 to a $5,000 fee per transaction. Of this, $1,000 was to be retained by the BRB to offset costs of administration and the remaining $4,000 was to be transferred to the Department for use in the affordable housing research and information program created in the same statute. Section 2 of SB 1664 amends Section 1372.006, Government Code, generating the fee, while Section 17 of the bill amends Section 2306.259, Government Code, creating the research and information program. No rider appropriating these funds was included in the General Appropriations Act (GAA) for that session. As a result, neither the Department nor the BRB were able to utilize the funds for purposes set forth in SB 1664.

The remaining $218,000 of the requested restoration of General Revenue would enable the Department, through the Texas Interagency Council for the Homeless (TICH), to potentially leverage up to $14 million in Federal funds per year to combat homelessness in rural Texas. The requested General Revenue would be utilized to coordinate on a yearly basis a federal "Balance of the State" Continuum of Care (CoC) grant application by rural homeless coalitions across the state. The $218,000 would be used to help these coalitions to conduct homeless counts/surveys; compile a housing and services inventory; identify the housing gaps; and develop homeless discharge planning strategies for their area. These tasks pose significant challenges for rural communities, which often lack the organizational staff, financial resources and expertise to effectively implement their homeless projects. These funds will help them address these issues.

In its third highest priority exceptional item, the Department is requesting $5,000,000 each year of the 2008-09 biennium to fund the low income energy efficiency component of the System Benefit Fund (SBF). The Department would leverage these funds with federal Weatherization Assistance Program for Low Income Persons (WAP) and Low Income Home Energy Assistance Program (LIHEAP) funds to serve eligible households not currently or adequately being served through existing programs.

The U.S. Department of Energy regulations limit per unit federal funding to $2,826. Homes that require energy conservation beyond this limit in order to be effective cannot be funded. Additionally, the Department will only provide energy conservation measures to a home if the measures will provide the consumer anticipated savings in utility costs that is at least equal to the cost of the measures.

The Department's Weatherization Assistance Program (WAP), funded primarily through WAP and LIHEAP, provides energy conservation measures for eligible very low income households. These measures provide for a healthier environment for the family served and help reduce the families' energy cost burden. It is important to note that the program prioritizes populations most vulnerable to weather extremes such as elderly persons 60 years of age and older, persons with disabilities, and households with young children under 6 years of age. High residential energy users and households with high energy burdens are also prioritized.

Previous SBF funding has allowed the Department to reach lower income households in the deregulated areas of the state, typically by combining SBF and WAP funds. Through SBF funding in SFY 2002 and 2003 (approximately $7 million and $10.7 million respectively), the Department was able to weatherize 5,343 units as well as provide other energy conservation measures such as installing energy efficient refrigerators, compact fluorescent lights, and water saver kits. These measures have provided up to a 20-30% reduction in energy use as well as a healthier environment in the winter and summer for households served. Overall, the Department averaged about $3,900 per unit in weatherization assistance, about $1,400 more per home due to SBF funding.

In order to carry out its responsibility to establish and maintain a competitive, comprehensive salary administration program, the Department's Governing Board is requesting to move the Executive Director position from a Group 4 salary range of $76,068 to $117,516 to a Group 5 exempt classification with a salary range of $90,060 to $139,140. Within this range and pursuant to GAA Art. IX, Sec 3.05(c), specific increases in salary will be based on the Department's Governing Board approval in a public meeting. Then this action is submitted in writing and signed by the presiding officer to the Governor, Legislative Budget Board, and the Comptroller. This request is based on a comparison of the current Executive Director's salary to comparable state agencies, to salaries and groups of the agencies within the Business and Economic Development Group of Texas State Agencies, and from a recent salary survey conducted by the National Council of State Housing Agencies.

Finally, while it is not an Exceptional Item, the Department's funding stream in the 2008-2009 biennium will reflect a new funding source. Governor Perry in 2006 identified the Department – working closely with the Office of Rural Community Affairs – as the lead agency to implement housing and community development disaster recovery to a 29-county area devastated by Hurricane Rita in September 2005. HUD awarded the state $74.5 million in Community Development Block Grant funds for housing, infrastructure, public service, public facility, and business needs. The assistance funds will be awarded to eligible Councils of Governments (COGs) either for unmet housing needs or non-housing, infrastructure related activities. The Department has identified $997,390 for administrative expenses across fiscal years 2006-07 and 2008-09. It is also important to note that while this document was being prepared, HUD announced additional CDBG funding of $428 million for the state. While related administrative expenses have yet to be determined, the Department expects to have more complete information by the time pre-Session hearings begin.

TDHCA Governing Board Members
Elizabeth Anderson, Chair (Dallas) Term expires January 31, 2007
C. Kent Conine, Vice Chair (Frisco) Term expires January 31, 2009
Shadrick Bogany (Missouri City) Term expired January 31, 2005
Vidal Gonzalez (Del Rio) Term expired January 31, 2005
Norberto Salinas (Mission) Term expired January 31, 2005
Dionicio Vidal "Sonny" Flores (Houston.) Term expires January 31, 2009

The Manufactured Housing Division

The Manufactured Housing Division (MHD) is administratively attached to the Department and operates under its own five (5) member governing board. The MHD has three strategies, the issuance of licenses for different activities in the manufactured housing industry and the issuance of statement of ownership and location for manufactured homes; the inspection of such homes; and enforcement and consumer protection activity, including the operation of a manufactured homeowners' recovery trust fund. The MHD also acts as HUD's state administrative agency with respect to the federal manufactured home program. All of MHD's activities are requested to be funded through appropriated receipts or through federal funds, not utilizing any general revenue.

MHD Governing Board
Valeri Stiers Malone, Chair (Wichita Falls) Term expires January 31, 2011
Carlos Z. Amaral (Plano) Term expires January 31, 2007
Michael H. Bray (El Paso) Term expires January 31, 2011
Kimberly A. Shambley (Dallas) Term expires January 31, 2009
Frances Shannon (Spring Branch) Term expires January 31, 2007

Texas Department of Housing and Community Affairs
General Revenue and Earned Federal Funds
Base Reconciliation
10% Reduction

Strategy/Program	Bienium Expend and Budget	Less: Salary Increase Exemptions	Amount for 90% Calculation	Biennium 10% Reduction	Less: 3% Salary Increase	Bienium Net 10% Reduction	Biennium Approps Adjusted for the 10% Reduction
A. Goal: Affordable Housing:							
A.1.3. Housing Trust Fund Single Family (New Approp)	3,781,751	(18,672)	3,763,079	(376,308)	5,092	(371,216)	3,410,535
Rider #15, Interest Earnings/Loan Repayments	1,989,522	-	1,989,522	(198,952)		(198,952)	1,790,570
Rider #16, Unexpended Balances, Grants/Contracts	-	-	-	-			
Rider #19, HTF Deposits to the TTSTC, (b)	-	-	-	-			
Total, Strategy A.1.3. HTF, Single Family	5,771,273	(18,672)	5,752,601	(575,260)	5,092	(570,168)	5,201,105
A.1.7. Housing Trust Fund Multifamily	901,885	(8,211)	893,674	(89,367)	2,239	(87,128)	814,757
Rider #19, HTF Deposits to the TTSTC, (b)							
Total, Strategy A.1.7. HTF, Multifamily	901,885	(8,211)	893,674	(89,367)	2,239	(87,128)	814,757
Total, A. Goal: Affordable Housing	6,673,158	(26,883)	6,646,275	(664,628)	7,331	(657,297)	6,015,862
B. Goal: Colonia Initiatives:							
B.1.1. Colonia Service Centers	314,776	(4,568)	310,208	(31,021)	1,246	(29,775)	285,002
Total, B. Goal: Colonia Initiatives	314,776	(4,568)	310,208	(31,021)	1,246	(29,775)	285,002
E. Goal: Manufactured Housing:							
E.1.1. Titling and Licensing	-	-	-	-	-	-	-
E.1.2. Installation Inspections	-	-	-	-	-	-	-
E.1.3. Enforcement	-	-	-	-	-	-	-
E.1.4. Texas Online	23,833	-	23,833	(2,383)	-	(2,383)	21,450
Rider #18, Consumer Claims	200,000	-	200,000	(20,000)	-	(20,000)	180,000
Total, E. Goal: Manufactured Housing	223,833	-	223,833	(22,383)	-	(22,383)	201,450
F. Goal: Indirect Admin and Support Costs:							
F.1.1. Central Administration	136,244	(3,916)	132,328	(13,233)	1,068	(12,165)	124,080
F.1.2. Information Resource Technologies	343,121	(9,856)	333,265	(33,327)	2,688	(30,639)	312,483
F.1.3. Operating/Support	138,204	(4,197)	134,007	(13,401)	1,145	(12,256)	125,948
Total, F. Goal: Indirect Admin and Support Costs	617,569	(17,969)	599,600	(59,960)	4,901	(55,059)	562,510
Subtotal, General Revenue	7,829,337	(49,420)	7,779,917	(777,992)	13,478	(764,514)	7,064,823
F.1.1. Central Administration (Earned Federal Funds)	1,581,519	(43,233)	1,538,286	(153,829)	11,791	(142,038)	1,439,481
Total, General Revenue and Earned Federal Funds	9,410,856	(92,653)	9,318,203	(931,820)	25,269	(906,551)	8,504,305

Agency code: Agency name: Department of Housing and Community Affairs

GR Baseline Request Limit = $8,504,305

GR-D Baseline Request Limit = $0

Strategy/Strategy Option/Rider

2008 Funds FTEs	Total	GR	Ded	2009 Funds FTEs	Total	GR	Ded	Biennial Cumulative GR	Biennial Cumulative Ded	Page #
Strategy: 1 - 1 - 1 Federal Mortgage Loans & MCCs through the SF MRB Program										
14.4	1,072,257	0	0	14.4	1,083,789	0	0	0	0	
Strategy: 1 - 1 - 2 Provide Single Family Housing through HOME Investment Program										
7.2	31,126,928	0	0	7.2	31,136,998	0	0	0	0	
Strategy: 1 - 1 - 3 Provide Single Family Loans/Grants for Very Low/Low Income Households										
2.6	2,365,289	2,365,289	0	2.6	2,835,816	2,835,816	0	5,201,105	0	
Strategy: 1 - 1 - 4 Federal Rental Assistance through Section 8 Certificates and Vouchers										
7.0	5,590,587	0	0	7.0	5,591,062	0	0	5,201,105	0	
Strategy: 1 - 1 - 5 Provide Federal Tax Credits to Develop Rental Housing for VLI and LI										
11.1	878,098	0	0	11.1	884,040	0	0	5,201,105	0	
Strategy: 1 - 1 - 6 Provide Multifamily Housing through HOME Investment Program										
6.4	5,868,466	0	0	6.4	5,871,327	0	0	5,201,105	0	
Strategy: 1 - 1 - 7 Provide MF HTF Loans/Grants for Very Low/Low Income Households										
3.3	625,504	625,504	0	3.3	390,703	390,703	0	6,217,312	0	
Strategy: 1 - 1 - 8 Federal Mortgage Loans through the MF Mortgage Revenue Bond Program										
4.3	305,256	0	0	4.3	302,741	0	0	6,217,312	0	
Strategy: 2 - 1 - 1 Center for Housing Research, Planning, and Communications										
9.5	717,335	0	0	9.5	716,636	0	0	6,217,312	0	
Strategy: 2 - 2 - 1 Assist Colonias through Field Offices & Self-Help Centers										
8.0	609,698	139,959	0	8.0	613,632	145,043	0	6,502,314	0	
Strategy: 3 - 1 - 1 Administer Poverty-related Federal Funds through a Network of Agencies										
16.2	34,912,917	0	0	16.2	34,929,689	0	0	6,502,314	0	
Strategy: 3 - 2 - 1 Administer State Energy Assistance Programs										
17.8	49,858,073	0	0	17.8	49,836,900	0	0	6,502,314	0	
Strategy: 4 - 1 - 1 Monitor and Inspect for Federal & State Housing Program Requirements										

Agency code: Agency name: Department of Housing and Community Affairs

GR Baseline Request Limit = $8,504,305

GR-D Baseline Request Limit = $0

Strategy/Strategy Option/Rider

2008 Funds				2009 Funds				Biennial	Biennial	
FTEs	Total	GR	Ded	FTEs	Total	GR	Ded	Cumulative GR	Cumulative Ded	Page #
21.0	2,028,173	0	0	21.0	2,051,473	0	0	6,502,314	0	
Strategy: 4 - 1 - 2 Administer and Monitor Subrecipient Contracts										
28.0	1,866,314	0	0	28.0	1,878,900	0	0	6,502,314	0	
Strategy: 5 - 1 - 1 Provide SOL and Licensing Services in a Timely Manner										
29.0	1,572,848	0	0	29.0	1,636,546	0	0	6,502,314	0	
Strategy: 5 - 1 - 2 Conduct Inspections of Manufactured Homes in a Timely Manner										
16.8	1,428,338	0	0	16.8	1,484,092	0	0	6,502,314	0	
Strategy: 5 - 1 - 3 Process Complaints/Conduct Investigations/Take Administrative Actions										
18.2	1,448,837	0	0	18.2	1,498,181	0	0	6,502,314	0	
Strategy: 5 - 1 - 4 TexasOnline fees. Estimated and Nontransferable										
0.0	19,120	0	0	0.0	19,120	0	0	6,502,314	0	
Strategy: 6 - 1 - 1 Central Administration										
49.2	4,248,890	785,514	0	49.2	4,275,835	778,046	0	8,065,874	0	
Strategy: 6 - 1 - 2 Information Resource Technologies										
19.0	1,380,294	144,279	0	19.0	1,393,633	168,203	0	8,378,356	0	
Strategy: 6 - 1 - 3 Operations and Support Services										
9.0	539,532	53,734	0	9.0	543,862	72,214	0	8,504,304	0	
298.0				298.0		******GR Baseline Request Limit=$8,504,305******				
Excp Item: 1 General Revenue Restoration - Bond Fees Collected for Affordable Housing Research and Information Program.										
0.0	344,000	344,000	0	0.0	344,000	344,000	0	9,192,304	0	

Strategy Detail for Excp Item: 1

Strategy: 2 - 1 - 1 Center for Housing Research, Planning, and Communications							
0.0	344,000	344,000	0	0.0	344,000	344,000	0

Excp Item: 2 General Revenue Restoration - Support for Balance of State Continuum of Care Application

Agency code: Agency name: Department of Housing and Community Affairs

GR Baseline Request Limit = $8,504,305

GR-D Baseline Request Limit = $0

Strategy/Strategy Option/Rider

2008 Funds FTEs	Total	GR	Ded	2009 Funds FTEs	Total	GR	Ded	Biennial Cumulative GR	Biennial Cumulative Ded	Page #
0.0	109,000	109,000	0	0.0	109,000	109,000	0	9,410,304	0	
Strategy Detail for Excp Item: 2										
Strategy: 3 - 1 - 1 Administer Poverty-related Federal Funds through a Network of Agencies										
0.0	109,000	109,000	0	0.0	109,000	109,000	0			
Excp Item: 3 System Benefit Fund Low Income Energy Efficiency Component										
0.0	5,000,000	5,000,000	0	0.0	5,000,000	5,000,000	0	19,410,304	0	
Strategy Detail for Excp Item: 3										
Strategy: 3 - 2 - 1 Administer State Energy Assistance Programs										
0.0	5,000,000	5,000,000	0	0.0	5,000,000	5,000,000	0			
298.0	**$153,915,754**	**$9,567,279**	**$0**	**298.0**	**$154,427,975**	**$9,843,025**	**0**			

Texas Department of Housing and Community Affairs
FTE Position Chronology

FULL- TIME EQUIVALENT POSITIONS

				Proposed	
	2005	2006	2007	2008	2009
Appropriation's Bill FTE Cap	313	298	298	298	298
TOTAL, Average Actual/Budgeted FTEs	275.2	277.0	298	298 -	298

DATE: 8/23/2006
TIME: 10:07:41AM

Agency code: 332 Agency name: Department of Housing and Community Affairs

Goal / *Objective* / STRATEGY	Exp 2005	Est 2006	Bud 2007	Req 2008	Req 2009
1 Increase Availability of Safe/Decent/Affordable Housing					
1 *Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing*					
1 MRB PROGRAM - SINGLE FAMILY	1,054,417	968,222	919,931	1,072,257	1,083,789
2 HOME PROGRAM - SINGLE FAMILY	36,023,623	33,097,556	31,356,992	31,126,928	31,136,998
3 HOUSING TRUST FUND - SINGLE FAMILY	3,123,973	2,627,344	3,143,929	2,365,289	2,835,816
4 SECTION 8 RENTAL ASSISTANCE	10,911,641	5,884,000	5,714,914	5,590,587	5,591,062
5 FEDERAL TAX CREDITS	1,014,276	982,148	654,288	878,098	884,040
6 HOME PROGRAM - MULTIFAMILY	6,341,369	6,184,173	6,036,788	5,868,466	5,871,327
7 HOUSING TRUST FUND - MULTIFAMILY	551,280	589,959	311,926	625,504	390,703
8 MRB PROGRAM - MULTIFAMILY	217,882	271,548	314,455	305,256	302,741
TOTAL, GOAL 1	$59,238,461	$50,604,950	$48,453,223	$47,832,385	$48,096,476
2 Provide Information and Assistance					
1 *Provide Information and Assistance for Housing and Community Services*					
1 HOUSING RESOURCE CENTER	603,733	518,312	703,788	717,335	716,636
2 *Promote and Improve Homeownership Along the Texas-Mexico Border*					
1 COLONIA SERVICE CENTERS	568,136	533,906	626,718	609,698	613,632
TOTAL, GOAL 2	$1,171,869	$1,052,218	$1,330,506	$1,327,033	$1,330,268
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs					
1 *Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year*					
1 POVERTY-RELATED FUNDS	35,978,694	34,974,572	34,974,651	34,912,917	34,929,689

Agency code: 332 Agency name: Department of Housing and Community Affairs

Goal / *Objective* / STRATEGY	Exp 2005	Est 2006	Bud 2007	Req 2008	Req 2009
2 *Reduce Cost of Home Energy for 6% of Very Low Income Households*					
1 ENERGY ASSISTANCE PROGRAMS	55,865,227	92,003,944	49,738,374	49,858,073	49,836,900
TOTAL, GOAL 3	$91,843,921	$126,978,516	$84,713,025	$84,770,990	$84,766,589
4 Ensure Compliance with Program Mandates					
1 *Monitor Developments & Subrecipient Contracts for Compliance*					
1 MONITOR HOUSING REQUIREMENTS	2,123,722	2,046,332	1,908,159	2,028,173	2,051,473
2 MONITOR CONTRACT REQUIREMENTS	1,354,680	1,376,229	1,820,449	1,866,314	1,878,900
TOTAL, GOAL 4	$3,478,402	$3,422,561	$3,728,608	$3,894,487	$3,930,373
5 Regulate Manufactured Housing Industry					
1 *Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other*					
1 TITLING AND LICENSING	1,079,067	1,125,308	1,109,024	1,572,848	1,636,546
2 INSPECTIONS	1,430,628	1,149,483	1,411,906	1,428,338	1,484,092
3 ENFORCEMENT	1,385,862	2,091,312	1,380,681	1,448,837	1,498,181
4 TEXASONLINE	8,250	4,713	19,120	19,120	19,120
TOTAL, GOAL 5	$3,903,807	$4,370,816	$3,920,731	$4,469,143	$4,637,939
6 Indirect Administration and Support Costs					
1 *Indirect Administration and Support Costs*					
1 CENTRAL ADMINISTRATION	4,099,806	3,907,722	4,669,717	4,248,890	4,275,835
2 INFORMATION RESOURCE TECHNOLOGIES	1,202,893	1,219,140	1,378,532	1,380,294	1,393,633
3 OPERATING/SUPPORT	493,035	539,102	536,377	539,532	543,862

Agency code: 332 Agency name: Department of Housing and Community Affairs

Goal / *Objective* / STRATEGY	Exp 2005	Est 2006	Bud 2007	Req 2008	Req 2009
TOTAL, GOAL 6	$5,795,734	$5,665,964	$6,584,626	$6,168,716	$6,213,330
TOTAL, AGENCY STRATEGY REQUEST	$165,432,194	$192,095,025	$148,730,719	$148,462,754	$148,974,975
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				$0	$0
GRAND TOTAL, AGENCY REQUEST	$165,432,194	$192,095,025	$148,730,719	$148,462,754	$148,974,975
METHOD OF FINANCING:					
General Revenue Funds:					
1 GENERAL REVENUE FUND	5,708,293	3,764,234	4,065,103	3,389,608	3,675,215
888 EARNED FEDERAL FUNDS	833,237	803,443	778,076	724,671	714,810
SUBTOTAL	$6,541,530	$4,567,677	$4,843,179	$4,114,279	$4,390,025
Federal Funds:					
127 COMMUNITY AFFAIRS FED FD	144,877,119	172,472,294	128,722,447	127,733,901	127,757,362
SUBTOTAL	$144,877,119	$172,472,294	$128,722,447	$127,733,901	$127,757,362
Other Funds:					
666 APPROPRIATED RECEIPTS	13,756,578	14,972,054	15,082,093	16,546,319	16,759,333
777 INTERAGENCY CONTRACTS	256,967	83,000	83,000	68,255	68,255
SUBTOTAL	$14,013,545	$15,055,054	$15,165,093	$16,614,574	$16,827,588
TOTAL, METHOD OF FINANCING	$165,432,194	$192,095,025	$148,730,719	$148,462,754	$148,974,975

*Rider appropriations for the historical years are included in the strategy amounts.

Agency code: 332 Agency name: Department of Housing and Community Affairs

OBJECT OF EXPENSE	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
1001 SALARIES AND WAGES	$13,315,160	$13,939,882	$15,873,357	$16,110,505	$16,387,612
1002 OTHER PERSONNEL COSTS	$515,071	$518,057	$332,320	$332,320	$357,321
2001 PROFESSIONAL FEES AND SERVICES	$2,138,726	$1,420,908	$1,948,987	$2,226,426	$2,227,895
2003 CONSUMABLE SUPPLIES	$109,161	$76,891	$373,879	$301,564	$302,264
2004 UTILITIES	$47,706	$67,383	$163,950	$72,865	$72,865
2005 TRAVEL	$685,680	$754,104	$800,902	$855,730	$860,730
2006 RENT - BUILDING	$1,920,227	$773,475	$185,200	$180,930	$170,930
2007 RENT - MACHINE AND OTHER	$82,448	$77,132	$98,793	$98,928	$98,928
2009 OTHER OPERATING EXPENSE	$1,812,523	$2,871,688	$2,965,865	$2,414,991	$2,339,393
3001 CLIENT SERVICES	$9,800,030	$5,290,848	$5,122,223	$4,967,047	$4,967,047
4000 GRANTS	$134,933,215	$166,020,934	$120,863,588	$120,877,167	$121,109,830
5000 CAPITAL EXPENDITURES	$72,247	$283,723	$1,655	$24,281	$80,160
OOE Total (Excluding Riders)	**$165,432,194**	**$192,095,025**	**$148,730,719**	**$148,462,754**	**$148,974,975**
OOE Total (Riders)					
Grand Total	**$165,432,194**	**$192,095,025**	**$148,730,719**	**$148,462,754**	**$148,974,975**

ITD Project	FY 2008		FY 2009	
	Capital Budget	Methods of Finance	Capital Budget	Methods of Finance
1. MH Systems Upgrade	$175,000	Appropriated Receipts: $175,000	$175,000	Appropriated Receipts: $175,000
2. Normal Growth	$200,000	Appropriated Receipts: $120,000 Federal Funds: $60,000	$190,000	Appropriated Receipts: $120,000 Federal Funds: $60,000
Total	**$375,000**		**$365,000**	

Project 1: Manufactured Housing (MH) Systems Upgrade

Description: In the FY 2008-2009 biennium, TDHCA plans to replace the current suite of character-based MH systems with an integrated, web-enabled system. The current MH systems are critical tools for supporting the Manufactured Housing Division's mission, but the systems are end-of-life and restrict MHD's ability to deliver services over the web and manage and retrieve data efficiently. In addition, the current technology platform represents an ongoing support risk because of the limited availability of developers with this skill set.

The current MH systems support all core MHD business functions: 1) Titling/Statements of Ownership and Location (SOLs), 2) Installations, 3) Licensing, 4) Consumer Complaints, and 5) Cash Receipts.

Major project goals include 1) providing tax collectors the ability to enter and release tax liens online, 2) providing customers the ability to process and pay for SOLs and Notices of Installation online, in partnership with the Department of Information Resources' Texas Online group, and 3) expanding the current use of Texas Online for license renewals to include initial license applications.

Project Financing: The $350,000 MH Systems Upgrade budget is made up of $325,000 for contract developer support and $25,000 for technical documentation and training. In addition to two TDHCA developers and one project manager assigned to the project, we estimate the need for two contract developers for a term of one year each to assist in building the system ($300,000) and one developer for a term of two months to assist with data migration ($25,000).

Project 2: Normal Growth

Description: The Normal Growth project funds server and client hardware and software that support the agency in achieving its mission. The Normal Growth project achieves the goals of 1) delivering suitable PCs, laptops, printers, and related end-user hardware and 2) of upgrading LAN server and network hardware and software to achieve performance and reliability gains through the acquisition and installation of scaleable, easily integrated equipment and new software releases. In FY 2008-2009, Information Systems plans to upgrade the agency's Oracle Application Server hardware in support of the MH Systems Upgrade and the other enterprise applications that currently reside on the server.

Project Financing: The $390,000 Normal Growth budget is made up of the following components.
PC, Laptops, and Printer Replacements -- $187,000
Desktop Software (primarily Microsoft Office upgrades and TeamMate audit software) -- $98,000
Server/Network (primarily the agency's Oracle Application Server hardware) -- $105,000

FY 2006-2007 Appropriated ITD Budget Summary (for Comparison)

ITD Project	FY 2006		FY 2007	
	Capital Budget	Methods of Finance	Capital Budget	Methods of Finance
1. Normal Growth	$140,000	Appropriated Receipts: $98,000 Federal Funds: $42,000	$210,000	Appropriated Receipts: $147,000 Federal Funds: $63,000
2. PeopleSoft 8.8 Implementation	$400,000	Appropriated Receipts: $200,000 Federal Funds: $200,000	$200,000	Appropriated Receipts: $100,000 Federal Funds: $100,000
3. Community Services/Energy Assistance Contract System	$100,000	Federal Funds: LIHEAP - $58,000 CSBG - $42,000	$100,000	Federal Funds: LIHEAP - $58,000 CSBG - $42,000
4. Section 8 System	$65,000	Federal Funds: $65,000	$0	NA
Total	**$705,000**		**$510,000**	

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
332	Texas Department of Housing and Community Affairs	Elena Peinado	August 25, 2006	Base

Current Rider Number	Page Number in 2006–07 GAA	Proposed Rider Language
1	VII-3-4	1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Department of Housing and Community Affairs. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Housing and Community Affairs. In order to achieve the objectives and service standards established by this Act, the Department of Housing and Community Affairs shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

A. Goal: AFFORDABLE HOUSING	2008	2009
Outcome (Results/Impact):		
Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.81%	1.81%
Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.46%	1.46%

Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	2.75%	2.75%
Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.17%	.17%
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY		
Output (Volume):		
Number of Households Assisted with Single Family Mortgage Revenue Bond Funds	1,727	1,727
A.1.2 Strategy: HOME Program – Single Family		
Output (Volume):		
Number of Households Assisted through the Single Family HOME Funds	1,283	1,283
A.1.3. Strategy: HOUSING TRUST FUND – SINGLE FAMILY		
Output (Volume):		
Number of Households Assisted through the Single Family Housing Trust Fund Program	100	100
A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE		
Output (Volume):		
Number of Households Assisted through Statewide Housing Assistance Payments Program	2,100	2,100
A.1.5. Strategy: FEDERAL TAX CREDITS		
Output (Volume):		
Number of Households Assisted through the Housing Tax Credit Program	18,832	20,151
A.1.6. Strategy: HOME PROGRAM – MULTIFAMILY		
Output (Volume):		
Number of Households Assisted with Multifamily HOME Funds	741	647
A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY		
Output (Volume):		
Number of Households Assisted through the Multifamily Mortgage Revenue Bond Program	3,500	3,500

B. Goal: INFORMATION & TECHNICAL ASSISTANCE		
B.1.1. Strategy: HOUSING RESOURCE CENTER		
Output (Volume):		
Number of Information and Technical Assistance Requests Completed	5,400	5,400
B.2.1. Strategy: COLONIA SERVICE CENTERS		
Output (Volume):		
Number of On-site Technical Assistance Visits Conducted Annually from the Field Offices	600	600
C. Goal: POOR AND HOMELESS PROGRAMS		
Outcome (Results/Impact):		
Percent of Persons in Poverty That Received Homeless and Poverty-related Assistance	14.6%	14.6%
Percent of Very Low Income Households Receiving Energy Assistance	6%	6%
C.1.1. Strategy: POVERTY-RELATED FUNDS		
Output (Volume):		
Number of Persons Assisted through Homeless and Poverty-related Funds	440,000	440,000
Number of Persons Assisted That Achieve Incomes above Poverty Level	2,000	2,000
Number of Shelters Assisted	70	70
C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS		
Output (Volume):		
Number of Households Assisted through theComprehensive Energy Assistance Program	63,200	63,200
Number of Dwelling Units Weatherized by the Department	4,800	4,800
D. Goal: ENSURE COMPLIANCE		
D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS		
Output (Volume):		
Total Number of Onsite Reviews Conducted	888	917
D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS		
Output (Volume):		
Total Number of Monitoring Reviews Conducted	10,725	9,220

E. Goal: MANUFACTURED HOUSING		
Outcome (Results/Impact):		
Percent of Consumer Complaint Inspections Conducted within 30 Days of Request	100%	100%
Percent of Complaints Resulting in Disciplinary Action	22%	22%
E.1.1. Strategy: TITLING AND LICENSING		
Output (Volume):		
Number of Manufactured Housing Statements of Ownership and Location Issued	89,000	89,000
Number of Licenses Issued	4,435	4,435
E.1.2. Strategy: INSPECTIONS		
Output (Volume):		
Number of Routine Installation Inspections Conducted	8,000	8,000
Explanatory:		
Number of Installation Reports Received	20,000	20,000
E.1.3. Strategy: ENFORCEMENT		
Output (Volume):		
Number of Complaints Resolved	1,700	1,700
Efficiencies:		
Average Time for Complaint Resolution (Days)	180	180
Explanatory:		
Number of Jurisdictional Complaints Received	1,800	1,800

Summary and Explanation:

The Department is requesting that output measures associated with Strategy A.1.2, HOME PROGRAM – SINGLE FAMILY, be added as a key performance measure. The activity reflected under this measure is critical to the Department's ability to meet its other statutory targets, specifically requirements found under Rider 4. This activity is also vital to the Department's ability to serve rural Texas. (Note: As specified in the instructions for the Legislative Appropriations Request, performance targets are not being updated as these will be updated by the LBB.)

2	VII-4-5	**Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to Government Code 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

(a) Acquisition of Information Resource Technologies	2008 ~~2006~~	2009 ~~2007~~
(1) Normal Growth/Integrate Systems	$200,000	$190,000
	~~$140,000~~	~~$210,000~~
(2) MH Systems Upgrade	$175,000	$175,000
~~Peoplesoft 8.8 Implementation~~	~~$400,000~~	~~$200,000~~
~~(3) Community Services/Energy Assistance Contract System~~	~~$100,000~~	~~$100,000~~
~~(4) Section 8 System~~	~~$65,000~~	
Total, Acquisition of Information Resource Technologies	$375,000	$365,000
	~~$705,000~~	~~$705,000~~
	$355,000	$365,000
TOTAL Capital Budget	~~$705,000~~	~~$510,000~~
Method of Financing (Capital Budget):	2008 ~~2006~~	2009 ~~2007~~
Community Affairs Federal Fund No. 127	$55,998	$71,382
	~~$407,000~~	~~$263,000~~
Appropriated Receipts	$319,002	$293,618
	~~$298,000~~	~~$247,000~~
TOTAL Method of Financing:	$375,000	$365,000
	~~$705,000~~	~~$510,000~~

4	VII-5	**Housing Assistance.** The department ~~housing finance division~~ shall adopt an annual goal to apply no less than $30,000,000 of the department's ~~divisions'~~ total housing funds toward housing assistance for individuals and families earning less than 30 percent of median ~~in which the annual~~ family income. ~~does not exceed the following amounts based on the number of persons in the family~~: ~~Number of Persons in the family — Maximum annual income~~ ~~1 person — $13,000~~ ~~2 persons — $16,000~~ ~~3 persons — $17,500~~ ~~4 persons — $19,000~~ ~~5 persons — $21,000~~ ~~For each additional person, add $1,500~~. No less than 20 percent of the department's ~~division's~~ total housing funds shall be spent for individuals and families earning between 31 percent and 60 percent of median family income. In those counties where the median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual ~~quarterly~~ report to the Legislative Budget Board documenting its expenditures in each income category. *Explanation:* *The Department requests this change to reflect more accurately its current structure and to allow for more effective and efficient reporting in a manner consistent with the goal of the rider. The current language of the rider reflects Department divisions no longer in place. By referencing the "department's total housing funds," the language avoids this problem and subjects all housing funds administered by the Department to meet this goal. The goal of the rider is to ensure that the Department's housing funds are targeted to those most in need. However, the actual reporting requirements in the current rider language are inconsistent with federal and state requirements and are difficult to provide with accuracy. Federal and state housing programs require TDHCA to target and report on households served based on median family income. Actual income figures are not known until a year or two after the funds have been distributed. The Department requests permission to replace the fixed income guidelines with the lowest income category reported for federal and state housing programs, i.e., up to 30% of area median family income or extremely low income. In addition to allowing for efficient reporting consistent with other reporting requirements, this provides income levels consistent with current economic conditions. The U.S. Department of Housing and Urban Development adjusts area median family income baselines annually to reflect updated local economic conditions. The Department also requests that this information be reported annually since many of the Department's funding cycles are annual; quarterly reporting provides limited additional information.*

~~8~~	~~VII-6~~	~~**Rider 8, Limitation on Expenditure.** Under Strategy A.1.5, Federal Tax Credits, no funds shall be used for processing or approving applications for allocations unless the department adopts or amends administrative rules containing the following:~~ ~~a. All representations made by an applicant for an allocation are enforceable by the department, including enforcement by administrative penalties for failure to perform as stated in the representations and enforcement by inclusion in deed restrictions to which the department is a party.~~ ~~b. The department will require inspections of all construction for quality during the construction process while defects can reasonably be corrected.~~ ~~c. A general contractor hired by an applicant or an 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.~~ ~~d. The department shall give notice of a proposed project to the state representative and senator representing the area where a project would be located. The state representative or senator may hold a community meeting at which the department shall provide appropriate representation.~~ ~~e. The department shall allocate credits among as many different entities as practicable without diminishing the quality of the housing that is built.~~ *Explanation:* *The Department requests that the language be deleted as the required rules have been adopted and the subject matter is now included in Chapter 2306, Subchapter DD, of the Government Code.*
9	VII-6	**Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code § 1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be $914,539 for fiscal year ~~2006~~ 2008 and $978,830 for fiscal year ~~2007~~ 2009. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. *Explanation* *The years have been updated to reflect the 2008-09 biennium.*

11	VII-6	**Conversions of Executory Contracts.** Out of the funds appropriated above, the department shall spend not less than $4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department complete at least 100 ~~400~~ contract for deed conversions by August 31, 2009 ~~2007.~~ *Explanation* *The Department requests reducing the number of contract for deed conversions required under this rider from 400 to 100 since 400 cannot be accomplished with $4 million as each conversion has cost approximately $15,000 plus the cost of rehabilitating each home. The use of federal HOME funds for the conversions requires the homes to be rehabilitated to meet federal housing standards and thereby increases the cost of each conversion to approximately $55,000.*
12	VII-6	~~**Colonia Annual Assessment.** The department shall collect information on the demand for contract for deed conversion, self-help housing, consumer education, and other colonia resident services in counties within 150 miles of the Texas-Mexico border. The department shall include the assessment of colonias needs in its annual state low income housing plan and report listing policy goals for its colonia programs, the strategies to meet the goals, and the expected outcomes~~ *Explanation:* *The Department requests that this rider be deleted as this assessment is duplicative of the biennial action plan that is required to be part of the State Low Income Housing Plan pursuant to §2306.0721(c)(12).*
15	VII-7	**Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.** Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from amounts appropriated out of the General Revenue Fund for Strategy A.1.1., Housing Trust Fund, estimated to be $900,000 ~~$600,000~~ each year. *Explanation* *Figure updated to reflect current estimate.*

16	VII-7	~~**Unexpended Balances, Grants, and Contracts.** Unexpended general revenue balances remaining in Strategy A.1.1, Housing Trust Fund, General Appropriations Act, Seventy-eighth Legislature, as of August 31, 2005, are included above in Strategy A.1.3, Housing Trust Fund - Single Family, for the fiscal year beginning September 1, 2005 (estimated to be $3,500,000).~~ *Explanation* *The Department requests the deletion of this rider since balance transfers made in accordance with Rider 19 have eliminated General Revenue unexpended balances for the Housing Trust Fund.*
17	VII-7	~~**Emergency Nutrition and Temporary Relief Program (ENTERP).** Out of the amounts appropriated above, $342,860 in fiscal year 2004 and $350,160 in fiscal year 2005 in Federal Funds shall be used for the Emergency Nutrition and Temporary Relief Program (ENTERP) to provide relief to needy low-income Texans if allowed under federal regulations.~~ *Explanation* *The Department requests that this language be deleted since the amount authorized to be spent in federal funds cannot be effectively split among all 254 counties as required by state law. The rider is also not necessary as the federal funds available for this purpose are already being used to provide emergency assistance as required by federal law.*
18	VII-7	**Manufactured Homeowner Consumer Claims.** Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated **receipts in** an amount, not to exceed $300,000 ~~$100,000~~ per year for the biennium, required for the purpose of paying manufactured housing consumer claims according to the Occupations Code, Chapter ~~§~~ 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing collected and deposited in the General Revenue Fund during the 2008-2009 ~~2006-07~~ biennium. *Explanation* *The Department requests the revision to effect the following:* *1) Increase the amount yearly available for consumer claims to $300,000 (in addition to surety bond recoveries). This funding level is believed appropriate in light of recent experience with licensees that have committed acts and omissions subject to reimbursement for the Manufactured Homeowners' Recovery Trust Fund substantially in excess of their surety bonds.* *2) Change the Method of Finance from General Revenue to Appropriated Receipts. This is consistent with changes made to the strategies under Goal E during the 79th Legislature, which shifted funding away from General Revenue.* *3) Correct the statutory citation.*

<table>
<tr>
<td>19</td>
<td>VII-7</td>
<td>
Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.

a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family, $2,167,993 ~~5,555,482~~ in fiscal year 200~~6~~8 and $2,637,148 ~~2,381,576~~ in fiscal year 200~~7~~9 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The ~~amounts to be transferred in fiscal year 2006 include an estimated $3,500,000 from unexpended balances identified above in Rider 16, and~~ amounts to be transferred in fiscal years 2008~~6~~ and 2009~~7~~ include an estimated $9~~6~~00,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 15.

b. Out of funds appropriated above in Strategy A.1.7, Housing Trust Fund - Multifamily, $405,971 ~~495,034~~ in fiscal year 200~~6~~ and $169,479 ~~152,731~~ in fiscal year 200~~7~~ shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year.

c. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose.

Explanation

Explanation
The Department requests the revision since balance transfers made in accordance with section c of this rider have eliminated General Revenue unexpended balances for the Housing Trust Fund. The funding amounts and years have also been updated to reflect the 2008-2009 biennium.
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Agency Code: 332	Agency Name: Texas Department of Housing and Community Affairs	Prepared By: Elena Peinado	Date: August 25, 2006	Request Level: Exceptional Item

Current Rider Number	Page Number in 2006–07 GAA	Proposed Rider Language
701	VII	**Affordable Housing and Information Research.** All fees received by the Texas Department of Housing and Community Affairs from the Bond Review Board pursuant to Section 1372.006(a), Texas Government Code, are included above in Strategy B.1.1, Provide Information/Technical Assistance, and shall be used to establish and implement the affordable housing research and information program provided for in Section 2306.259, Texas Government Code. *Explanation* *The Department requests this new rider to implement requirements of Sections 1372.006(a) and 2306.259, Texas Government Code. This will result in an increase of approximately $344,000 for each year of the biennium under Strategy B.1.1. Funding associated with rider is requested in Exceptional Item 1.*

TDHCA Exceptional Item Request 2008-2009	
Item Name:	**Restoration of $688,000 in General Revenue to Implement Affordable Housing Research and Information Program**
Item Priority:	**1**

Exceptional Item Description and Justification

TDHCA seeks restoration of $688,000 in General Revenue over the biennium to implement the affordable housing research and information program established in §2306.259, Tex. Gov't Code Ann. Through these funds, TDHCA would contract for:

- periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
- research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
- independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and,
- public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

Senate Bill 1664, 78th Regular Session, authorized the program and increased Bond Review Board application fees for issuers of qualified residential rental project bonds from $500 to $5,000, requiring that $4,000 of each fee be transferred to TDHCA for the program. Because the Appropriations Bill failed to contain an appropriating rider for SB 1664, the mandate remained unfunded. The General Revenue requested is commensurate to the projected fees that would be transferred in 2008-2009 in accordance with SB 1664. TDHCA is also requesting a new rider appropriating these fees.

External/ Internal Factors Impacting Exceptional Item

Implementation of the program would provide TDHCA valuable, independent data regarding housing needs. Such data could provide important insights for future funding and policy decisions, especially with respect to multifamily housing developments. The need for this exceptional item is affected by the following:

- **Lack of independent market studies.** Applicants for TDHCA funds provide market studies to establish the need for affordable housing in the proposed location. Independent market studies would provide TDHCA additional objective data with which to make funding decisions. In response to public comment regarding this, TDHCA has funded one local market study. However, because of the funding limitations, the scope of this study was very restricted. More recently, TDHCA has received public comment requesting statewide market studies.
- **Lack of Texas-based studies.** The public perception of affordable housing is often affected by assumptions regarding the impact of affordable housing on neighborhoods. However, there are few studies available to refute or substantiate these assumptions and even fewer using Texas communities as their models. This vacuum must be filled in order to develop informed public policy.
- **Limited resources.** While TDHCA has made attempts to undertake &/or fund affordable housing research, limited resources prevent TDHCA from undertaking the broad studies required under the program and needed to make better funding decisions.

TDHCA Exceptional Item Request 2008-2009	
Item Name:	**Restoration of $218,000 in General Revenue to Leverage Federal Continuum of Care Funds for Rural Texas.**
Item Priority:	2

Exceptional Item Description and Justification

This item seeks restoration of $218,000 in General Revenue over the biennium to provide technical assistance to rural homeless coalitions representing 182 of the state's 254 counties. This would support the coalitions' efforts to access approximately $12 million in annual federal Continuum of Care funds. The HUD Continuum of Care (CoC) Program provides competitive funding for homeless services and housing. Each year HUD determines the pro rata share of these funds for each county in the State. Because of the complexity of these applications, many areas of Texas, primarily rural areas, have historically not applied for CoC funds. As a result, every year the state forfeits approximately $12 million in CoC funds earmarked for rural Texas. In 2006, the Texas Interagency Council for the Homeless (TICH) was able to fund technical assistance/planning activities to help unserved communities apply for this funding. If the current application is successful, communities will still have to re-apply for funds in future years. It will be tremendously challenging for communities to administer their projects and reapply for funds. Technical assistance will be needed to ensure continued funding. However, the funding source used to fund this in 2006 will not be available in 2008-2009; therefore $218,000 is requested to help support this effort. Funding would be allocated under Strategy 03-01-01.

External/ Internal Factors Impacting Strategy or Exceptional Item.

- Homeless needs in rural communities: An estimated 12,926 homeless individuals and families that are either not currently being served or are critically under-served in communities to be served by the Balance of State Continuum of Care application, reflecting large deficiencies of supportive housing services in rural areas. As a result, those in need of homeless services in these communities, such as victims of domestic violence, must often travel far distances to receive assistance.

- Lack of capacity in rural communities: In order to apply/re-qualify for CoC funding, rural coalitions must conduct homeless counts/surveys; compile a housing and services inventory; identify the housing gaps; and develop homeless discharge planning strategies for their area. Unfortunately, the rural coalitions in general lack the organizational staff, financial resources, and expertise needed to undertake these tasks effectively while also implementing their homeless projects.

- Lack of alternative funding source: The federal Projects for Assistance in Transitions from Homeless (PATH) grant, administered by the Texas Department of State Health Services, provided the bulk of the funding used to provide technical assistance, planning, and coordination for the 2006 Balance of the State CoC application. This funding source is not likely to be available for the 2008-2009 biennium. TDHCA does not currently have another appropriate funding source available.

TDHCA Exceptional Item Request 2008-2009	
Item Name:	**System Benefit Fund**
Item Priority:	**3**

Exceptional Item Description and Justification

The Department is requesting $5 million for each year of the biennium to fund the low income energy efficiency component of the System Benefit Fund (SBF). TDHCA would leverage these funds with federal Weatherization Assistance for Low Income Persons (WAFLIP) and Low Income Home Energy Assistance Program (LIHEAP) funds to serve eligible households not currently or adequately served through existing programs. TDHCA will retain 5% of each year's funds to offset state administration. The remaining 95% will be provided to subrecipients for programmatic and administrative costs. Using historical SBF averages, the additional $5 million in SBF funds would enable the Department to weatherize approximately 2,500 units and provide other energy conservation measures. The funding allows TDHCA to reach lower income households than typically served through the Weatherization Assistance Program (WAP) in deregulated areas of the state by combining SBF and WAP funds. The U.S. Department of Energy (DOE) estimates the national average for energy savings for weatherized homes to be $358 annually; these measures also provide households a healthier environment. SBF supports the Department's Goal 3, to improve the living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans, and the state's Priority Goal 3, to provide public assistance through an efficient and effective system that promotes health, responsibility and self-sufficiency of individuals and families.

Internal/External Factors Impacting Strategy

DOE WAP funds often cannot serve many lower income households because of federal limits on expenditures. DOE regulations limit funds used for weatherization to a maximum of $2,826 per unit. SBF funds are vital in order to perform energy conservation activities costing greater than $2,826. (WAP provides energy conservation measures for eligible very low income households. These measures provide for a healthier environment for the family served and help reduce the family's energy cost burden. The program prioritizes populations most vulnerable to extreme weather conditions such as elderly persons 60 years of age and older, persons with disabilities, and households with young children under 6 years of age. High residential energy users and households with high energy cost burdens are also prioritized. The Department will only provide energy conservation measures to a home if the measures will be effective and provide the consumer anticipated savings in utility costs that are at least equal to the cost of the measures. Anticipated savings are calculated based on the life of the measures.)

The SBF was not funded during the 78th and 79th Legislature due to revenue shortfalls, limiting the Department's ability to reach homes not serviceable through WAP alone. In the current climate of ever increasing electric costs, the need to provide more energy conversation measures and weatherize more houses continues to grow.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
AUGUST 30, 2006

Action Items

Request approval of the 2006 Single Family HOME Investment Partnerships Program (HOME) Award Recommendations in the amount of $24,031,280.

Required Action

Approve or approve with amendments the 2006 Single Family HOME Investment Partnerships Program Award Recommendations.

Background and Recommendations

Summary

In accordance with the 2006 HOME Program rules and with TDHCA Board approval, a biennial funding cycle was conducted for the 2006/2007 Single Family HOME Program application competition. Approximately $23.3 million was made available in program year 2006 funds. Eligible applicants included: units of general local government, public housing authorities, and nonprofit organizations. A total of 183 Single Family HOME applications were received for funding for the following Activities: Homebuyer Assistance (HBA), Owner Occupied Housing Assistance (OCC) and Tenant Based Rental Assistance (TBRA). Of the 183 applications submitted, five were disqualified, due to Applicant proposing to serve a Participating Jurisdiction (PJ) or non-compliance regarding audit submission. 35 Applicants did not meet the applicable activity's scoring threshold, predominately due to poor past performance, low, or no match proposed, low AHN score, and incomplete or missing documents, all of which are integrated in the scoring criteria. Funding for the American Dream Downpayment Initiative ($672,413) was combined with funding for the Homebuyer Assistance activity. Applicants requesting HBA, OCC or TBRA funds competed within their Service Region and Area Type. Listed below is a summary of the total number of applications received, the dollar amount requested and the dollar amount being recommended for program year 2006 funds for Single Family HOME Activities. Program year 2007 funding is anticipated to be received from the U.S. Department of Housing and Urban Development in Spring 2007. At that time, additional funding recommendations based on score will be made to the TDHCA Board from the application list presented today. The 2007 application recommendations will be re-reviewed for eligibility and will be consistent with the 2005-2009 State of Texas Consolidated Plan, the 2007 One Year Action Plan, and the 2007 State of Texas Low Income Housing Plan.

Breakdown of 2006/2007 HOME Applications

Activity	Total Project Funds Requested	Total Administrative Funds Requested	Number of Applications Received
HBA	$5,213,600	$208,544	22 Applications
OCC	$39,362,050	$1,574,482	148 Applications
TBRA	$2,753,078	$110,123	13 Applications
Total	**$47,328,728**	**$1,893,149**	**183 Applications**

Activity	Total Project Funds Recommended	Total Administrative Funds Recommended	Number of Applications Recommended
HBA	$3,178,600	$127,144	13 Applications
OCC	$19,438,600	$777,544	72 Applications
TBRA	$1,414,080	$56,563	6 Applications
Total	**$24,031,280**	**$961,251**	**91 Applications**

Funding Recommendation Methodology
Single Family HOME rules allow for the application of three different types of activities – HBA, OCC and TBRA. Recommendations are being made based on the highest scoring applicants. Award amounts may not exceed $275,000 plus 4% for administrative funds per activity, per Applicant with the exception of Homebuyer Assistance applicants whose service area includes multiple counties within a Uniform State Service Region. These applicants were eligible to apply for up to $500,000 plus 4% for administrative funds.

Compliance with the Regional Allocation Formula was maintained as a priority throughout the scoring process in the preparation of the funding recommendations for all activities. Applicants were allowed to apply for funding either in an Urban/Exurban or Rural Area Type per Uniform State Service Region. Funds were awarded by score regionally, first by activity, then by Urban/Exurban or Rural Area Type. In regions where an insufficient number of applicants existed under an activity, recommendations are being made to fund applicants in the same region for the activity in that region with the most eligible applications.

In accordance with Section 2306.111 of the Government Code, the Department may allocate no less than ninety-five percent (95%) of the HOME Program funds to applicants that serve households in a non-participating jurisdiction (non-PJ). Although HOME Program funds under this five percent (5%) set aside may be used to serve households in participating jurisdictions (PJs), the Consolidated Plan states that no Single Family activity funds can be funded in a PJ. In accordance with the 2006 HOME Program rules, applicants applying for the OCC and TBRA activities were required to propose targeting at least 5% of the number of units proposed to persons who meet the definition of Persons with Disabilities.

Additional Considerations
The State HOME rules include a minimum threshold score requirement for the respective activity (HBA, OCC, TBRA) to be considered eligible for a funding recommendation. This requirement equates to 55 points for the HBA activity, 65 points for the OCC activity and 56 points for the TBRA activity. Applicants that did not pass the minimum score requirement were not eligible for recommendations for either funding year. Before scoring begins for each application cycle, applicants are reviewed for eligibility requirements. If an Applicant does not meet these requirements, the Applicant is disqualified and receives a score of zero.

In nine of the Uniform State Service Regions, partial funds remained within a region and funding was not sufficient within the region to fully fund the next eligible applicant's request with 2006 funds. In four of the Uniform State Service Regions, an excess amount of funds remained after all eligible applicants were funded. The excess funds totaled $3,238,596. In regions where partial funds remained and funding was not sufficient within the region to fully fund the next eligible applicant's request, a portion of the excess funds were used to fully fund these applicants. According to Section 53.59(b)(4) of the HOME Program rules, "if sufficient applications are not received in a region, any remaining funds will be redirected to the region with the highest number of qualified applicants". Since Region 4 has the highest number of qualified applicants, this would result in the total amount of excess funds being awarded in a single region. Staff is requesting the Board waive 10 TAC 53.59(b)(4) of the HOME Program Rules in order to more closely follow the Regional Allocation Formula and evenly distribute the HOME funds across the state and to fully fund projects in regions where partial balances would otherwise remain.

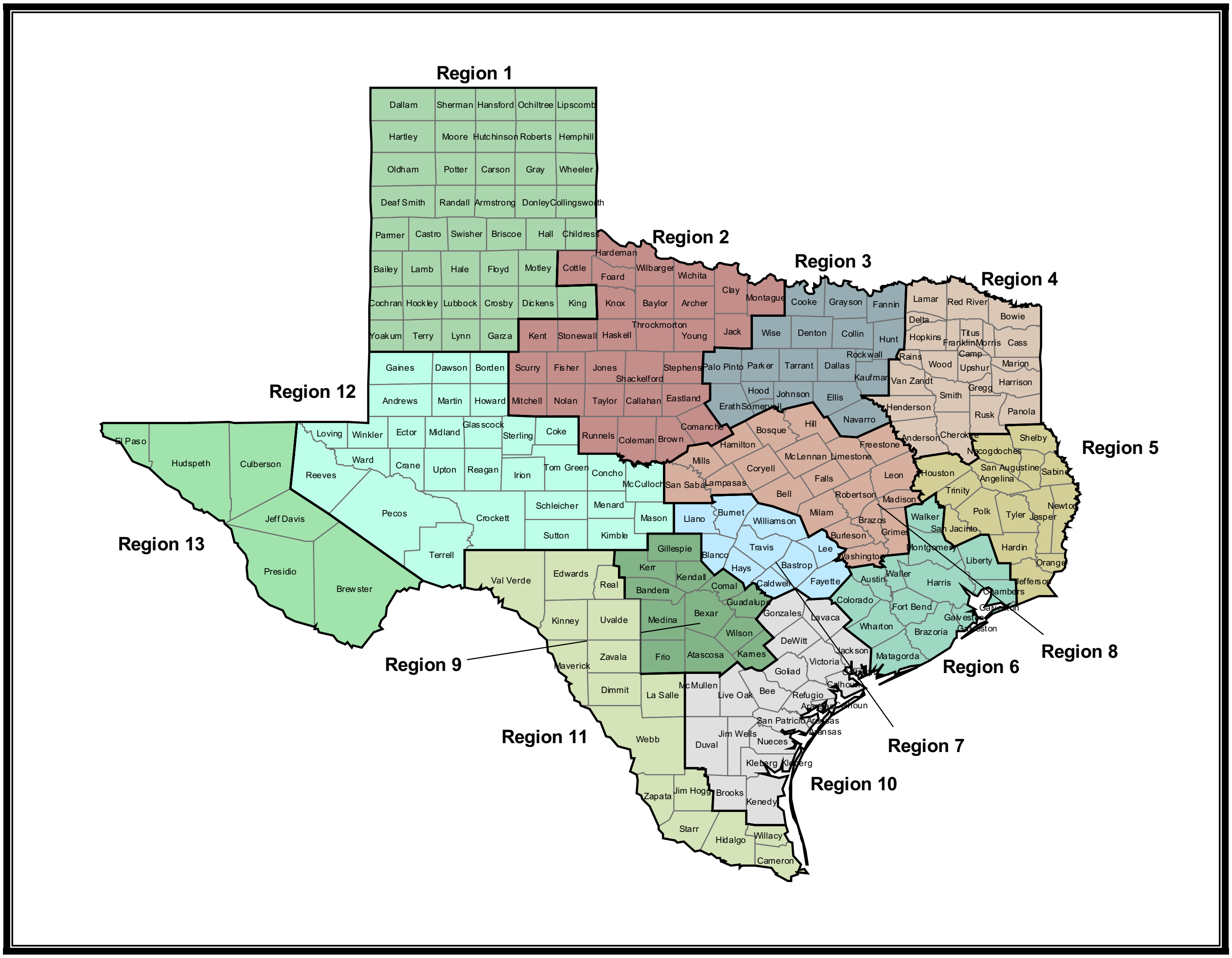
In some of the Uniform State Service Regions, tie scores occurred. According to Section 53.59(c)(4) of the HOME Rules, funds will be recommended based on the applicant with the highest need factor (affordable housing need score). In four regions, tie scores existed and the affordable housing need score was the same for each applicant. Therefore, we are also proposing that each of the tied applicants be funded with excess 2006 funds. However to fully fund all tied score applicants, an additional $686,326 is being requested to be used from HOME Program deobligated funds in accordance with 4 e) of the Department's deobligation policy which states: Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

Applications recommended for funding were submitted to the Portfolio Management and Compliance Division for review and approval and entry into the Developer Evaluation System.

Attached is the:
- *Uniform State Service Regions Map*
- *List of recommendations by region*
- *2006 HOME Funding Plan*
- *Funding Recommendation Spreadsheets*

Recommendation
Staff recommends the Board waive 10 TAC 53.59(b)(4) as described above and requests approval to use \$686,326 in HOME Program deobligated funds to fully fund the 2006 Single Family HOME Program Award Recommendations. The attached list of funding recommendations and regional spreadsheets represent 91 awards totaling \$24,031,280. Staff also recommends and requests approval of 4% administrative funds for all applicants based on the amount of project dollars recommended totaling \$961,251. These administrative funds do not come from the HOME project dollars, but rather from the Department's HOME administrative funds. These awards are contingent upon any unresolved audit findings or questioned or disallowed costs being resolved. Staff requests permission that in the event that an applicant declines funds or cannot resolve issues identified within six months of Board award, that the next eligible applicant per the scoring method described above receive an award.

Uniform State Service Regions Map


Region 1
Dallam
Sherman
Hansford
Ochiltree
Lipscomb
Hartley
Moore
Hutchinson
Roberts
Hemphill
Oldham
Potter
Carson
Gray
Wheeler
Deaf Smith
Randall
Armstrong
Donley
Collingsworth
Parmer
Castro
Swisher
Briscoe
Hall
Childress
Bailey
Lamb
Hale
Floyd
Motley
Cochran
Hockley
Lubbock
Crosby
Dickens
King
Yoakum
Terry
Lynn
Garza
Region 2
Hardeman
Cottle
Foard
Wilbarger
Wichita
Clay
Montague
Knox
Baylor
Archer
Kent
Stonewall
Haskell
Throckmorton
Young
Jack
Scurry
Fisher
Jones
Shackelford
Stephens
Mitchell
Nolan
Taylor
Callahan
Eastland
Comanche
Runnels
Coleman
Brown
Region 3
Cooke
Grayson
Fannin
Wise
Denton
Collin
Hunt
Rockwall
Palo Pinto
Parker
Tarrant
Dallas
Kaufman
Hood
Johnson
Ellis
Erath
Somervell
Navarro
Region 4
Lamar
Red River
Bowie
Delta
Hopkins
Titus
Franklin
Morris
Cass
Camp
Rains
Wood
Upshur
Marion
Van Zandt
Smith
Gregg
Harrison
Henderson
Rusk
Panola
Anderson
Cherokee
Region 5
Shelby
Nacogdoches
Houston
San Augustine
Angelina
Sabine
Trinity
Newton
Polk
Tyler
Jasper
San Jacinto
Hardin
Orange
Jefferson
Region 6
Walker
Montgomery
Liberty
Austin
Waller
Harris
Chambers
Colorado
Fort Bend
Galveston
Wharton
Brazoria
Matagorda
Region 7
Mills
Hamilton
Bosque
Hill
Coryell
McLennan
Limestone
Freestone
San Saba
Lampasas
Falls
Leon
Bell
Robertson
Madison
Milam
Brazos
Burleson
Grimes
Washington
Llano
Burnet
Williamson
Blanco
Travis
Hays
Bastrop
Lee
Caldwell
Fayette
Region 8
Gillespie
Kerr
Kendall
Bandera
Comal
Guadalupe
Medina
Bexar
Wilson
Frio
Atascosa
Karnes
Region 9
Gonzales
Lavaca
DeWitt
Jackson
Victoria
Goliad
Calhoun
McMullen
Live Oak
Bee
Refugio
Aransas
San Patricio
Jim Wells
Nueces
Duval
Kleberg
Brooks
Kenedy
Region 10
Region 11
Val Verde
Edwards
Real
Kinney
Uvalde
Maverick
Zavala
Dimmit
La Salle
Webb
Zapata
Jim Hogg
Starr
Hidalgo
Willacy
Cameron
Region 12
Gaines
Dawson
Borden
Andrews
Martin
Howard
Loving
Winkler
Ector
Midland
Glasscock
Sterling
Coke
Ward
Crane
Upton
Reagan
Irion
Tom Green
Concho
McCulloch
Reeves
Pecos
Crockett
Schleicher
Menard
Mason
Sutton
Kimble
Terrell
El Paso
Hudspeth
Culberson
Jeff Davis
Presidio
Brewster
Region 13

2006 Single Family HOME Investment Partnerships Program Funding Recommendations
Sorted by Activity, Region, U/E or Rural, and Score

Application Number	Applicant	Region	U/E or Rural	Activity	TDHCA Score	Project Funds Requested and Recommended	Admin Funds Requested and Recommended	# of Units to be completed
2006-0020	City of McKinney	3	U/E	HBA	61.00	$275,000	$11,000	55
2006-0108	Paris Living-A Community Development Corporation (Paris)	4	Rural	HBA	62.00	$203,600	$8,144	20
2006-0182	City of Cooper	4	Rural	HBA	61.00	$100,000	$4,000	10
2006-0084	East Texas Housing Finance Corp.(Marshall)	4	Rural	HBA	57.21	$500,000	$20,000	50
2006-0062	Economic Development Corporation of the City of Wake Village	4	U/E	HBA	56.00	$250,000	$10,000	25
2006-0102	Travis County Housing Finance Corp. (Austin)	7	U/E	HBA	59.00	$200,000	$8,000	25
2006-0028	City of Hillsboro	8	Rural	HBA	58.00	$275,000	$11,000	28
2006-0077	Kingsville Housing Authority	10	Rural	HBA	58.00	$200,000	$8,000	20
2006-0153	Carrizo Springs Affordable Hsng,, Inc.	11	Rural	HBA	63.33	$275,000	$11,000	30
2006-0085	Cameron County Housing Fin. Corp. (Brownsville)	11	Rural	HBA	59.00	$275,000	$11,000	28
2006-0074	United Way of Southern Cameron County (Brownsville)	11	U/E	HBA	64.00	$275,000	$11,000	28
2006-0030	Coto de Casa (Mission)	11	U/E	HBA	56.00	$200,000	$8,000	20
2006-0021	Concho Valley Comm. Action Agency (San Angelo)	12	Rural	HBA	68.00	$150,000	$6,000	15
13						**$3,178,600**	**$127,144**	**354**
2006-0044	Yoakum County	1	Rural	OCC	78.00	$275,000	$11,000	5
2006-0119	City of Farwell	1	Rural	OCC	78.00	$275,000	$11,000	5
2006-0110	City of Spur	1	Rural	OCC	77.00	$275,000	$11,000	5
2006-0135	City of Earth	1	Rural	OCC	77.00	$275,000	$11,000	5
2006-0161	City of Dickens	1	Rural	OCC	76.00	$275,000	$11,000	5
2006-0041	City of Hale Center	1	Rural	OCC	75.00	$243,600	$9,744	4
2006-0126	City of Hawley	2	Rural	OCC	79.00	$275,000	$11,000	5
2006-0128	City of Henrietta	2	Rural	OCC	71.00	$275,000	$11,000	5
2006-0155	City of Merkel	2	Rural	OCC	70.00	$275,000	$11,000	5
2006-0151	City of Bowie	2	Rural	OCC	68.00	$275,000	$11,000	5
2006-0166	City of Bardwell	3	Rural	OCC	80.00	$220,000	$8,800	4
2006-0150	City of Blooming Grove	3	Rural	OCC	79.00	$275,000	$11,000	5
2006-0170	City of Godley	3	Rural	OCC	79.00	$275,000	$11,000	5
2006-0176	City of Pilot Point	3	Rural	OCC	79.00	$275,000	$11,000	5
2006-0172	City of Kaufman	3	Rural	OCC	74.00	$275,000	$11,000	5
2006-0117	City of West Tawakoni	3	Rural	OCC	71.00	$275,000	$11,000	5
2006-0132	City of Garrett	3	Rural	OCC	70.00	$275,000	$11,000	5
2006-0152	City of Caddo Mills	3	Rural	OCC	69.00	$275,000	$11,000	5
2006-0164	City of Aurora	3	Rural	OCC	69.00	$275,000	$11,000	5

2006 HOME Funding Recommendations Continued

Application Number	Applicant	Region	U/E or Rural	Activity	TDHCA Score	Project Funds Requested and Recommended	Admin Funds Requested and Recommended	# of Units to be completed
2006-0078	Rockwall Housing Development Corp.(Rockwall)	3	U/E	OCC	67.00	$110,000	$4,400	2
2006-0154	City of Celina	3	U/E	OCC	65.00	$275,000	$11,000	5
2006-0186	City of Detroit	4	Rural	OCC	82.00	$275,000	$11,000	5
2006-0191	City of Edgewood	4	Rural	OCC	80.00	$275,000	$11,000	5
2006-0026	City of Bloomburg	4	Rural	OCC	79.00	$275,000	$11,000	5
2006-0087	City of Big Sandy	4	Rural	OCC	79.00	$220,000	$8,800	4
2006-0184	City of Annona	4	Rural	OCC	79.00	$275,000	$11,000	5
2006-0024	City of Avinger	4	Rural	OCC	78.00	$275,000	$11,000	5
2006-0064	City of Tatum	4	Rural	OCC	78.00	$275,000	$11,000	5
2006-0069	City of Cumby	4	Rural	OCC	78.00	$275,000	$11,000	5
2006-0188	City of Deport	4	Rural	OCC	78.00	$275,000	$11,000	5
2006-0061	City of Nash	4	U/E	OCC	67.00	$275,000	$11,000	5
2006-0076	City of Texarkana	4	U/E	OCC	66.00	$275,000	$11,000	5
2006-0058	City of Tenaha	5	Rural	OCC	79.00	$275,000	$11,000	5
2006-0066	City of Joaquin	5	Rural	OCC	76.00	$275,000	$11,000	5
2006-0068	City of Onalaska	5	Rural	OCC	74.00	$275,000	$11,000	5
2006-0114	City of Trinity	5	Rural	OCC	71.00	$275,000	$11,000	5
2006-0129	City of Huntington	5	Rural	OCC	71.00	$275,000	$11,000	5
2006-0167	City of Crockett	5	Rural	OCC	71.00	$275,000	$11,000	5
2006-0082	Walker County	6	Rural	OCC	80.00	$275,000	$11,000	5
2006-0089	City of Prairie View	6	Rural	OCC	79.00	$275,000	$11,000	5
2006-0096	City of Brookshire	6	Rural	OCC	74.00	$275,000	$11,000	5
2006-0116	City of Wallis	6	Rural	OCC	73.00	$275,000	$11,000	5
2006-0133	City of Eagle Lake	6	Rural	OCC	68.00	$275,000	$11,000	5
2006-0125	City of Santa Fe	6	U/E	OCC	67.00	$275,000	$11,000	5
2006-0047	City of Luling	7	Rural	OCC	73.00	$275,000	$11,000	5
2006-0139	City of La Grange	7	Rural	OCC	70.00	$275,000	$11,000	5
2006-0048	City of Lockhart	7	Rural	OCC	69.00	$275,000	$11,000	5
2006-0140	City of Smithville	7	Rural	OCC	67.00	$275,000	$11,000	5
2006-0195	City of Florence	7	Rural	OCC	67.00	$275,000	$11,000	5
2006-0079	City of Jewett	8	Rural	OCC	78.00	$275,000	$11,000	5
2006-0193	City of Moody	8	Rural	OCC	77.00	$275,000	$11,000	5
2006-0146	Lampasas County	8	Rural	OCC	76.00	$275,000	$11,000	5
2006-0090	City of Lacy Lakeview	8	U/E	OCC	68.00	$220,000	$8,800	4
2006-0103	City of Bellmead	8	U/E	OCC	65.00	$275,000	$11,000	5
2006-0143	City of Belton	8	U/E	OCC	65.00	$275,000	$11,000	5
2006-0131	City of Ingram	9	Rural	OCC	78.00	$275,000	$11,000	5
2006-0190	City of Devine	9	Rural	OCC	69.00	$275,000	$11,000	5
2006-0111	City of Orange Grove	10	Rural	OCC	75.00	$275,000	$11,000	5
2006-0165	Town of Bayside	10	Rural	OCC	75.00	$275,000	$11,000	5
2006-0130	City of Driscoll	10	Rural	OCC	74.00	$275,000	$11,000	5
2006-0163	City of Aransas Pass	10	Rural	OCC	74.00	$275,000	$11,000	5
2006-0134	City of George West	10	Rural	OCC	73.00	$275,000	$11,000	5
2006-0123	San Patricio County	10	Rural	OCC	72.67	$275,000	$11,000	5
2006-0036	City of La Grulla	11	Rural	OCC	74.00	$275,000	$11,000	7

2006 HOME Funding Recommendations Continued

Application Number	Applicant	Region	U/E or Rural	Activity	TDHCA Score	Project Funds Requested and Recommended	Admin Funds Requested and Recommended	# of Units to be completed
2006-0177	City of Big Wells	11	Rural	OCC	69.00	$275,000	$11,000	5
2006-0046	City of Edinburg	11	U/E	OCC	70.00	$275,000	$11,000	8
2006-0121	City of Forsan	12	Rural	OCC	78.00	$275,000	$11,000	5
2006-0156	City of Coahoma	12	Rural	OCC	72.00	$275,000	$11,000	5
2006-0159	Crane County	12	Rural	OCC	71.00	$275,000	$11,000	5
2006-0197	Town of Pecos City	12	Rural	OCC	70.00	$275,000	$11,000	5
2006-0112	City of Stanton	12	Rural	OCC	67.00	$275,000	$11,000	5
2006-0198	City of Valentine	13	Rural	OCC	70.00	$275,000	$11,000	5
72						**$19,438,600**	**$777,544**	**358**
2006-0092	Lifetime Independence for Everyone (Lubbock)	1	Rural	TBRA	63.14	$234,000	$9,360	30
2006-0019	Burke Center (Lufkin)	5	Rural	TBRA	60.08	$275,000	$11,000	32
2006-0016	Ellis Community Resources, Inc. (New Braunfels)	9	Rural	TBRA	63.00	$275,000	$11,000	20
2006-0050	Latino Education Project, Inc. (Corpus Christi)	10	Rural	TBRA	59.20	$275,000	$11,000	25
2006-0101	Cameron County Housing Authority (Brownsville)	11	Rural	TBRA	67.00	$275,000	$11,000	30
2006-0043	Buckner Children and Family Services, Inc.dba Family Place at Hearthstone (Midland)	12	U/E	TBRA	62.00	$80,080	$3,203	5
6						**$1,414,080**	**$56,563**	**142**
91	**TOTAL ALL ACTIVITIES**					**$24,031,280**	**$961,251**	**854**

I. ALLOCATION*

Total HOME Allocation for PY 2006	$ 40,636,419	
less Administration Funds (10% of PY 2006)	$ 4,063,642	
less CHDO Project Funds Set Aside (15% of PY 2006)	$ 6,095,463	1
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$ 304,773	
less Direct Award for the Texas Home of Your Own Program	$ 500,000	
less Set Aside for Contract for Deed Conversions	$ 2,000,000	
less Set Aside for Rental Housing Preservation Program	$ 2,000,000	
less Set Aside for Rental Housing Development Program	$ 3,000,000	
Remaining Project Funds subject to Regional Allocation Formula	$ 22,672,541	
plus ADDI Allocation PY 2006	$ 672,413	
Total Project Funds subject to Regional Allocation Formula	**$ 23,344,954**	

1 $1,000,000 will be reserved from this set aside for the Colonia Model Subdivision Program. If suffiecient applications are not received for this activity, the remaining funds will be used for other CHDO eligible activities.

II. ACTIVITY PROJECTS (Project Funds Available)*

Homebuyer Assistance (20% of funds subject to RAF)	$4,668,991
Owner -Occupied Housing Assistance (65% of funds subject to RAF)	$15,174,220
Tenant Based Rental Assistance (15% of funds subject to RAF)	$3,501,743
	$23,344,954

III. REGIONAL ALLOCATION FORMULA ANALYSIS*

		Owner-Occupied Housing Assistance (OCC)			Tenant Based Rental Assistance (TBRA)			Homebuyer Assistance (HBA)							
Region	% Overall Regional Funding Distribution	Total Funds Available for OCC	Urban/ Exurban	Rural	Total Funds Available for TBRA	Urban/ Exurban	Rural	Total Funds Available for HBA	Urban/ Exurban	Rural	Overall Regional Funding	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	6.94%	$ 1,052,551	$ 161	$ 1,052,390	$ 242,896	$ 37	$ 242,859	$ 323,862	$ 50	$ 323,812	**$ 1,619,309**	**$ 1,619,061**	**100%**	**$ 248**	**0%**
2	4.74%	$ 719,071	$ 19,276	$ 699,794	$ 165,939	$ 4,448	$ 161,491	$ 221,253	$ 5,931	$ 215,321	**$ 1,106,263**	**$ 1,076,607**	**97%**	**$ 29,656**	**3%**
3	11.20%	$ 1,700,146	$ 1,025,971	$ 674,175	$ 392,341	$ 236,763	$ 155,579	$ 523,122	$ 315,683	$ 207,439	**$ 2,615,609**	**$ 1,037,193**	**40%**	**$ 1,578,417**	**60%**
4	13.71%	$ 2,081,026	$ 415,620	$ 1,665,406	$ 480,237	$ 95,912	$ 384,325	$ 640,316	$ 127,883	$ 512,433	**$ 3,201,579**	**$ 2,562,164**	**80%**	**$ 639,415**	**20%**
5	6.37%	$ 966,288	$ 116,835	$ 849,452	$ 222,989	$ 26,962	$ 196,027	$ 297,319	$ 35,949	$ 261,370	**$ 1,486,596**	**$ 1,306,849**	**88%**	**$ 179,747**	**12%**
6	7.03%	$ 1,067,181	$ 660,673	$ 406,508	$ 246,273	$ 152,463	$ 93,810	$ 328,363	$ 203,284	$ 125,079	**$ 1,641,817**	**$ 625,397**	**38%**	**$ 1,016,419**	**62%**
7	4.21%	$ 638,501	$ 327,655	$ 310,846	$ 147,346	$ 75,613	$ 71,734	$ 196,462	$ 100,817	$ 95,645	**$ 982,309**	**$ 478,225**	**49%**	**$ 504,084**	**51%**
8	5.18%	$ 786,044	$ 316,622	$ 469,422	$ 181,395	$ 73,067	$ 108,328	$ 241,860	$ 97,422	$ 144,437	**$ 1,209,298**	**$ 722,187**	**60%**	**$ 487,111**	**40%**
9	5.97%	$ 905,884	$ 394,962	$ 510,923	$ 209,050	$ 91,145	$ 117,905	$ 278,734	$ 121,527	$ 157,207	**$ 1,393,668**	**$ 786,035**	**56%**	**$ 607,633**	**44%**
10	8.05%	$ 1,220,783	$ 394,920	$ 825,863	$ 281,719	$ 91,135	$ 190,584	$ 375,626	$ 121,514	$ 254,112	**$ 1,878,128**	**$ 1,270,558**	**68%**	**$ 607,570**	**32%**
11	18.18%	$ 2,758,521	$ 897,807	$ 1,860,714	$ 636,582	$ 207,186	$ 429,396	$ 848,776	$ 276,248	$ 572,527	**$ 4,243,879**	**$ 2,862,637**	**67%**	**$ 1,381,242**	**33%**
12	6.05%	$ 917,420	$ 566,454	$ 350,966	$ 211,712	$ 130,720	$ 80,992	$ 282,283	$ 174,294	$ 107,989	**$ 1,411,415**	**$ 539,947**	**38%**	**$ 871,468**	**62%**
13	2.38%	$ 360,805	$ 132,126	$ 228,679	$ 83,263	$ 30,491	$ 52,772	$ 111,017	$ 40,654	$ 70,363	**$ 555,085**	**$ 351,814**	**63%**	**$ 203,271**	**37%**
	100.00%	**$ 15,174,220**			**$ 3,501,743**			**$ 4,668,991**			**$ 23,344,954**	**$ 15,238,675**	**65%**	**$ 8,106,279**	**35%**

** DUE TO ROUNDING, FIGURES MAY FLUCTUATE + / -$1.00*

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 1 Funding Recommendations

(Subject to the regional Allocation Formula)*

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 1 $ 1,619,309

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 1 TBRA FUNDS $242,896

Total Amount available for TBRA Urban/Exurban $37

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	1							

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$37**

Total Amount available for TBRA Rural $242,859
Add remaining TBRA Urban/Exurban $37
$242,896

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0092	Lifetime Independence for Everyone	63.14	TBRA	1	Rural	$234,000	30	$234,000	30	PWD	
						$234,000		**$234,000**			

Total TBRA Rural Funds Recommended **$234,000**
Remaining TBRA funds moved to OCC Rural **$8,896**

** DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00*

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 1 Funding Recommendations

(Subject to the regional Allocation Formula)*

AVAILABLE REGION 1 HBA FUNDS **$323,862**

Total Amount available for HBA Urban/Exurban **$ 50**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	1							
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$50**

Total Amount available for HBA Rural **$323,812**
Add remaining HBA U/E **$50**
$323,862

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	1							
						$0		**$0**			

Total HBA Funds Recommended **$0**
Remaining HBA funds moved to OCC Rural **$323,862**

AVAILABLE REGION 1 OCC FUNDS **$1,052,551**

Total Amount available for OCC Urban/Exurban **$161**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0106	Nickerson Design & Construction	0.00	OCC	1	U/E	$275,000	10				**DISQ.**
						$275,000		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$161**

** DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00*

(Subject to the regional Allocation Formula)*

Total Amount available for OCC Rural	**$1,052,390**
Add remaining TBRA	**$8,896**
Add remaining HBA	**$323,862**
Add remaining OCC U/E	**$161**
	$1,385,309

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0044	Yoakum County	78.00	OCC	1	Rural	$275,000	5	$275,000	5	Gen.	
2006-0119	City of Farwell	78.00	OCC	1	Rural	$275,000	5	$275,000	5	Gen.	
2006-0110	City of Spur	77.00	OCC	1	Rural	$275,000	5	$275,000	5	Gen.	
2006-0135	City of Earth	77.00	OCC	1	Rural	$275,000	5	$275,000	5	Gen.	
2006-0161	City of Dickens	76.00	OCC	1	Rural	$275,000	5	$275,000	5	Gen.	
2006-0041	City of Hale Center	75.00	OCC	1	Rural	$243,600	4	$243,600	4	Gen.	
2006-0091	City of Olton	74.00	OCC	1	Rural	$275,000	5				
2006-0118	City of Roaring Springs	73.00	OCC	1	Rural	$275,000	5				
2006-0035	City of Muleshoe	71.00	OCC	1	Rural	$220,000	4				
2006-0157	City of Morton	71.00	OCC	1	Rural	$275,000	5				
2006-0179	City of Slaton	70.00	OCC	1	Rural	$275,000	5				
2006-0104	Azteca Economic Dev. Corp.	69.00	OCC	1	Rural	$256,450	8				
2006-0174	City of Plainview	69.00	OCC	1	Rural	$275,000	5				
2006-0147	City of Littlefield	68.00	OCC	1	Rural	$275,000	5				
2006-0053	City of Floydada	65.00	OCC	1	Rural	$275,000	5				
						$4,020,050		**$1,618,600**			

Total OCC Rural Funds Recommended	**$1,618,600**
OCC Rural Funds Balance	**-$233,291**
Add from 06 remaining funds	233,291
Total Funds Reg. 1 Recommended	$1,618,600

** DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00*

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 2 Funding Recommendations
(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 2 **$ 1,106,263**

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 2 TBRA FUNDS **$165,939**

Total Amount available for TBRA Urban/Exurban **$4,448**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	2							

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$4,448**

Total Amount available for TBRA Rural **$161,491**
Add remaining TBRA U/E **$4,448**
$165,939

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	2							

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA funds moved to OCC Rural **$165,939**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 2 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 2 HBA FUNDS **$221,253**

Total Amount available for HBA Urban/Exurban $ 5,931

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	2							
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$5,931**

Total Amount available for HBA Rural $215,321
Add remaining HBA U/E $5,931
$221,253

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	2							
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA funds moved to **OCC Rural** **$221,253**

AVAILABLE REGION 2 OCC FUNDS **$719,071**

Total Amount available for OCC Urban/Exurban $19,276

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		OCC	2							
						$0		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural $19,276

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 2 Funding Recommendations

(Subject to the Regional Allocation Formula*)

Total Amount available for OCC Rural	**$699,794**
add remaining TBRA	**$165,939**
Add remaining HBA	**$221,253**
Add remaining OCC U/E	**$19,276**
	$1,106,263

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0126	City of Hawley	79.00	OCC	2	Rural	$275,000	5	$275,000	5	Gen.	
2006-0128	City of Henrietta	71.00	OCC	2	Rural	$275,000	5	$275,000	5	Gen.	
2006-0155	City of Merkel	70.00	OCC	2	Rural	$275,000	5	$275,000	5	Gen.	
2006-0151	City of Bowie	68.00	OCC	2	Rural	$275,000	5	$275,000	5	Gen.	
2006-0042	City of Stamford	63.00	OCC	2	Rural	$165,000	3				Threshhold
						$1,265,000		**$1,100,000**			

Total OCC Rural Funds Recommended **$1,100,000**
Remaining OCC Rural Funds **$6,263** Available to fund other 06 apps

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 3 $ 2,615,609

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 3 TBRA FUNDS **$392,341**

Total Amount available for TBRA Urban/Exurban **$236,763**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	3							

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$236,763**

Total Amount available for TBRA Rural **$155,579**
Add remaining TBRA U/E **$236,763**
$392,341

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0083	Affordable Housing of Parker Co.	55.50	TBRA	3	Rural	$153,888	12	**$0**			Threshold
						$153,888		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA funds moved to OCC Rural **$392,341**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 3 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 3 HBA FUNDS **$523,122**

Total Amount available for HBA Urban/Exurban $ 315,683

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0020	City of McKinney	61.00	HBA	3	U/E	$275,000	55	$275,000	55	Gen	
2006-0051	Habitat for Humanity Council of North Central Texas	50.71	HBA	3	U/E	$360,000	36				Threshold
2006-0045	Center for Housing Resources, Inc.	0.00	HBA	3	U/E	$120,000	15				DISQ.
						$755,000		**$275,000**			

Total HBAU/E Funds Recommended **$275,000**
Remaining HBA U/E funds moved to HBA Rural **$40,683**

Total Amount available for HBA Rural $207,439
Add remaining HBA U/E $40,683
$248,122

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0093	Habitat for Humanity Council of North Central Texas	51.40	HBA	3	Rural	$140,000	14	$0			Threshold
						$140,000		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA funds moved to OCC Rural **$248,122**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 3 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 3 OCC FUNDS	**$1,700,146**

Total Amount available for OCC Urban/Exurban **$1,025,971**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0078	Rockwall Housing Dev. Corp.	67.00	OCC	3	U/E	$110,000	2	$110,000	2	Gen.	
2006-0154	City of Celina	65.00	OCC	3	U/E	$275,000	5	$275,000	5	Gen.	
2006-0097	City of Allen	53.00	OCC	3	U/E	$120,000	11				Threshold
						$505,000		**$385,000**			

Total OCC U/E Funds Recommended	**$385,000**
Remaining OCC U/E funds moved to OCC Rural	**$640,971**

Total Amount available for OCC Rural	**$674,175**
add remaining TBRA	**$392,341**
Add remaining HBA	**$248,122**
Add remaining OCC U/E	**$640,971**
	$1,955,609

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0166	City of Bardwell	80.00	OCC	3	Rural	$220,000	4	$220,000	4	Gen.	
2006-0150	City of Blooming Grove	79.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0170	City of Godley	79.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0176	City of Pilot Point	79.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0172	City of Kaufman	74.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0117	City of West Tawakoni	71.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0132	City of Garrett	70.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0152	City of Caddo Mills	69.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0164	City of Aurora	69.00	OCC	3	Rural	$275,000	5	$275,000	5	Gen.	
2006-0115	City of Palmer	65.00	OCC	3	Rural	$275,000	5				

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

Region 3 - OCC Rural Continued

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0124	City of Gainesville	65.00	OCC	3	Rural	$275,000	5				
2006-0180	City of Bonham	63.00	OCC	3	Rural	$275,000	5				Threshold
2006-0054	City of Terrell	55.00	OCC	3	Rural	$275,000	5				Threshold
						$3,520,000		**$2,420,000**			

Total OCC Rural Funds Recommended	**$2,420,000**
OCC Rural Funds Balance	**-$464,391**
Add from 06 remaining funds	$464,391
Total OCC Rural Funds Recommended	**$2,420,000**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 4 Funding Recommendations (Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 4 $ 3,201,579

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 4 TBRA FUNDS **$480,237**

Total Amount available for TBRA Urban/Exurban **$95,912**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	4							

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$95,912**

Total Amount available for TBRA Rural **$384,325**
Add remaining TBRA U/E **$95,912**
$480,237

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0070	Affordable Caring Housing, Inc.	48.60	TBRA	4	Rural	$180,492	20	$0			Threshold
						$180,492		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA funds moved to OCC Rural **$480,237**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 4 Funding Recommendations (Subject to the Regional Allocation Formula*)

AVAILABLE REGION 4 HBA FUNDS	**$640,316**

Total Amount available for HBA Urban/Exurban $ 127,883

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0062	Economic Development Corp. of the City of Wake Village	56.00	HBA	4	U/E	$250,000	25	$250,000	25	Gen.	
						$250,000		**$250,000**			

Total HBAU/E Funds Recommended	**$250,000**
HBA U/E funds Balance	**-$122,117**
Add from 06 remaining funds	**$122,117**
Total funds recommended	**$250,000**

Total Amount available for HBA Rural $512,433

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0108	Paris Living-A Community Development Corp.	62.00	HBA	4	Rural	$203,600	20	$203,600	20	Gen.	
2006-0182	City of Cooper	61.00	HBA	4	Rural	$100,000	10	$100,000	10	Gen.	
2006-0084	East Texas Housing Finance Corp.	57.21	HBA	4	Rural	$500,000	50	$500,000	50	Gen.	
2006-0059	City of Queen City	56.00	HBA	4	Rural	$120,000	12	$0			
2006-0192	Lamar County	44.00	HBA	4	Rural	$100,000	10				Threshold
2006-0075	City of Hughes Springs	38.00	HBA	4	Rural	$100,000	10				Threshold
						$1,123,600		**$803,600**			

Total HBA Rural Funds Recommended	**$803,600**
HBA Rural funds Balance	**-$291,167**
Add from 06 remaining Funds	**$291,167**
Total HBA Rural funds Recommended	**$803,600**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

AVAILABLE REGION 4 OCC FUNDS **$2,081,026**

Total Amount available for OCC Urban/Exurban **$415,620**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0061	City of Nash	67.00	OCC	4	U/E	$275,000	5	$275,000	5	Gen	
2006-0076	City of Texarkana	66.00	OCC	4	U/E	$275,000	5	$275,000	5	Gen	
						$550,000		**$550,000**			

Total OCC U/E Funds Recommended	**$550,000**
OCC U/E funds Balance	**-$134,380**
Add from 06 remaining funds	$134,380
Total OCC U/E Funds Recommended	**$550,000**

Total Amount available for OCC Rural **$1,665,406**
Add remaining TBRA **$480,237**
$2,145,643

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0186	City of Detroit	82.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0191	City of Edgewood	80.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0026	City of Bloomburg	79.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0087	City of Big Sandy	79.00	OCC	4	Rural	$220,000	4	$220,000	4	Gen.	
2006-0184	City of Annona	79.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0024	City of Avinger	78.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0064	City of Tatum	78.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0069	City of Cumby	78.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0188	City of Deport	78.00	OCC	4	Rural	$275,000	5	$275,000	5	Gen.	
2006-0171	City of Jefferson	77.00	OCC	4	Rural	$220,000	4	$0			
2006-0189	City of Point	77.00	OCC	4	Rural	$275,000	5	$0			
2006-0137	City of Hallsville	76.00	OCC	4	Rural	$275,000	5	$0			
2006-0158	City of New Summerfield	76.00	OCC	4	Rural	$275,000	5	$0			
2006-0162	City of Alton	76.00	OCC	4	Rural	$275,000	5	$0			

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

Region 4 OCC Rural Continued

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0032	City of Domino	75.00	OCC	4	Rural	$275,000	5	$0			
2006-0169	City of Gladewater	74.00	OCC	4	Rural	$220,000	4	$0			
2006-0181	City of Mineola	73.00	OCC	4	Rural	$275,000	5	$0			
2006-0023	City of Lone Star	72.00	OCC	4	Rural	$165,000	3	$0			
2006-0025	City of Hughes Springs	72.00	OCC	4	Rural	$275,000	5	$0			
2006-0029	City of Maud	72.00	OCC	4	Rural	$165,000	3	$0			
2006-0173	City of Kilgore	72.00	OCC	4	Rural	$275,000	5	$0			
2006-0183	Lamar County	72.00	OCC	4	Rural	$275,000	5	$0			
2006-0057	City of Naples	71.00	OCC	4	Rural	$275,000	5	$0			
2006-0088	City of Athens	71.00	OCC	4	Rural	$220,000	4	$0			
2006-0138	City of Emory	71.00	OCC	4	Rural	$275,000	5	$0			
2006-0063	Cass County	70.00	OCC	4	Rural	$275,000	5	$0			
2006-0120	City of Rusk	69.00	OCC	4	Rural	$275,000	5	$0			
2006-0022	City of Clarksville	68.00	OCC	4	Rural	$275,000	5	$0			
2006-0187	City of Avery	68.00	OCC	4	Rural	$275,000	5	$0			
2006-0027	City of DeKalb	66.00	OCC	4	Rural	$275,000	5	$0			
2006-0031	Morris County	66.00	OCC	4	Rural	$275,000	5	$0			
2006-0065	City of Omaha	66.00	OCC	4	Rural	$275,000	5	$0			
2006-0038	Red River County	65.00	OCC	4	Rural	$275,000	5	$0			
2006-0194	Delta County	61.00	OCC	4	Rural	$275,000	5				Threshold
2006-0185	City of Cooper	55.00	OCC	4	Rural	$275,000	5				Threshold
						$9,185,000		**$2,420,000**			

Total OCC Rural Funds Recommended	**$2,420,000**
OCC Rural Funds Balance	**-$274,357**
Add from 06 remaining funds	$274,357
Total OCC Rural Funds Recommended	**$2,420,000**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 5 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 5 **$ 1,486,596**

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 5 TBRA FUNDS **$222,989**

Total Amount available for TBRA Urban/Exurban **$26,962**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	5							

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$26,962**

Total Amount available for TBRA Rural **$196,027**
Add remaining TBRA U/E **$26,962**
$222,989

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0019	Burke Center	60.08	TBRA	5	Rural	$275,000	32	$275,000	32	Gen	
						$275,000		**$275,000**			

Total TBRA Rural Funds Recommended **$275,000**
TBRA Rural funds Balance **-$52,011**
Add from 06 remaining funds **$52,011**
Total TBRA Rural Funds Recommended **$275,000**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 5 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 5 HBA FUNDS **$297,319**

Total Amount available for HBA Urban/Exurban $ 35,949

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	5							
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$35,949**

Total Amount available for HBA Rural **$261,370**
Add remaining HBA U/E **$35,949**
$297,319

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	5							
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA Rural funds moved to OCC Rural **$297,319**

AVAILABLE REGION 5 OCC FUNDS **$966,288**

Total Amount available for OCC Urban/Exurban **$116,835**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		OCC	5	U/E						
						$0		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$116,835**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

Total Amount available for OCC Rural	**$849,452**
Add remaining HBA	**$297,319**
Add remaining OCC U/E	**$116,835**
	$1,263,607

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0058	City of Tenaha	79.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0066	City of Joaquin	76.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0068	City of Onalaska	74.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0114	City of Trinity	71.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0129	City of Huntington	71.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0167	City of Crockett	71.00	OCC	5	Rural	$275,000	5	$275,000	5	Gen.	
2006-0067	City of San Augustine	67.00	OCC	5	Rural	$275,000	5				
						$1,925,000		**$1,650,000**			

Total OCC Rural Funds Recommended	**$1,650,000**
OCC Rural funds Balance	**-$386,393**
Add from 06 remaining funds	$386,393
Total OCC Rural Funds Recommended	**$1,650,000**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 6 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 6 $ 1,641,817

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 6 TBRA FUNDS **$246,273**

Total Amount available for TBRA Urban/Exurban **$152,463**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0034	Coalition for Barrier Free Living/Houston Center for Independent Living, Inc.	0.00	TBRA	6	U/E	$129,720	10	$0			Disq.
						$129,720		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$152,463**

Total Amount available for TBRA Rural **$93,810**
Add remaining TBRA U/E **$152,463**
$246,273

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0098	Gulf Coast Center	52.50	TBRA	6	Rural	$275,000	20	$0			Threshold
2006-0071	Affordable Caring Housing Inc.	50.00	TBRA	6	Rural	$56,282	6	$0			Threshold
						$331,282					

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA Rural funds moved to OCC Rural **$246,273**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 6 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 6 HBA FUNDS **$328,363**

Total Amount available for HBA Urban/Exurban **$ 203,284**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	6	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$203,284**

Total Amount available for HBA Rural **$125,079**
Add remaining HBA U/E **$203,284**
$328,363

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	6							
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA Rural funds moved to OCC Rural **$328,363**

AVAILABLE REGION 6 OCC FUNDS **$1,067,181**

Total Amount available for OCC Urban/Exurban **$660,673**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0125	City of Santa Fe	67.00	OCC	6	U/E	$275,000	5	$275,000	5	Gen	
2006-0107	EBENZ, Inc.	50.50	OCC	6	U/E	$275,000	5				Threshold
						$275,000		**$275,000**			

Total OCC U/E Funds Recommended **$275,000**
Remaining OCC U/E funds moved to OCC Rural **$385,673**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 6 Funding Recommendations

(Subject to the Regional Allocation Formula*)

Total Amount available for OCC Rural	**$406,508**
Add remaining TBRA	**$246,273**
Add remaining HBA	**$328,363**
Add remaining OCC U/E	**$385,673**
	$1,366,817

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0082	Walker County	80.00	OCC	6	Rural	$275,000	5	$275,000	5	Gen.	
2006-0089	City of Prairie View	79.00	OCC	6	Rural	$275,000	5	$275,000	5	Gen.	
2006-0096	City of Brookshire	74.00	OCC	6	Rural	$275,000	5	$275,000	5	SN	
2006-0116	City of Wallis	73.00	OCC	6	Rural	$275,000	5	$275,000	5	Gen.	
2006-0133	City of Eagle Lake	68.00	OCC	6	Rural	$275,000	5	$275,000	5	Gen.	
2006-0113	City of Palacios	66.00	OCC	6	Rural	$275,000	5				
2006-0178	Economic Action Committee Gulf Coast	66.00	OCC	6	Rural	$275,000	5				
2006-0072	City of Hempstead	65.00	OCC	6	Rural	$275,000	5				
2006-0148	Bay City Public Housing Authority	0.00	OCC	6	Rural	$275,000	5				Disq.
						$2,475,000		**$1,375,000**			

Total OCC Rural Funds Recommended	**$1,375,000**
OCC Rural Funds Balance	**-8,183**
Add from 06 remaining funds	$8,183
Total OCC Rural Runds Recommended	**$1,375,000**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 7 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 7 $ 982,309

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 7 TBRA FUNDS **$147,346**

Total Amount available for TBRA Urban/Exurban **$75,613**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANT		TBRA	7	U/E						
						$0		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$75,613**

Total Amount available for TBRA Rural **$71,734**
Add remaining TBRA U/E **$75,613**
$147,346

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	7	Rural						
						$0		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA Rural funds moved to OCC Rural **$147,346**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 7 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 7 HBA FUNDS **$196,462**

Total Amount available for HBA Urban/Exurban $ 100,817

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0102	Travis County Housing Finance Corp.	59.00	HBA	7	U/E	200,000	25	$200,000	25		
						$200,000		**$200,000**			

Total HBA U/E Funds Recommended **$200,000**
HBA U/E funds Balance **-$99,183**
Add from 06 remaining funds **$99,183**
Total HBA U/E Funds Recommended **$200,000**

Total Amount available for HBA Rural $95,645

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	7							
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA Rural funds moved to OCC Rural **$95,645**

AVAILABLE REGION 7 OCC FUNDS **$638,501**

Total Amount available for OCC Urban/Exurban $327,655

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		OCC	7	U/E						
						$0		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$327,655**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

Total Amount available for OCC Rural	**$310,846**
Add remaining TBRA	**$147,346**
Add remaining HBA	**$95,645**
Add remaining OCC U/E	**$327,655**
	$881,492

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0047	City of Luling	73.00	OCC	7	Rural	$275,000	5	$275,000	5	SN	
2006-0139	City of La Grange	70.00	OCC	7	Rural	$275,000	5	$275,000	5	Gen	
2006-0048	City of Lockhart	69.00	OCC	7	Rural	$275,000	5	$275,000	5	Gen	
2006-0140	City of Smithville	67.00	OCC	7	Rural	$275,000	5	$275,000	5	Gen	
2006-0195	City of Florence	67.00	OCC	7	Rural	$275,000	5	$275,000	5	Gen	
2006-0142	City of Taylor	50.00	OCC	7	Rural	$275,000	5				Threshold
						$1,650,000		**$1,375,000**			

Total OCC Rural Funds Recommended	**$1,375,000**
OCC Rural Funds Balance	**-$493,508**
Add from 06 remaining funds	$493,508
Total OCC Rural Funds Recommended	$1,375,000

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 8 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 8 **$ 1,209,298**

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 8 TBRA FUNDS **$181,395**

Total Amount available for TBRA Urban/Exurban **$73,067**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	8	U/E						
						$0		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$73,067**

Total Amount available for TBRA Rural **$108,328**
Add remaining TBRA U/E **$73,067**
$181,395

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	8	Rural						
						$0		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA Rural funds moved to OCC Rural **$181,395**

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 8 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 8 HBA FUNDS **$241,860**

Total Amount available for HBA Urban/Exurban **$ 97,422**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	8	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended	**$0**
Remaining HBA U/E funds moved to HBA Rural	**$97,422**

Total Amount available for HBA Rural	**$144,437**
Add remaining HBA U/E	**$97,422**
	$241,860

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0028	City of Hillsboro	58.00	HBA	8	Rural	$275,000	28	$275,000	28	Gen	
						$275,000		**$275,000**			

Total HBA Rural Funds Recommended	**$275,000**
HBA Rural funds Balance	**-$33,140**
Add from 06 Remaining Funds	**$33,140**
Total HBA Rural Funds Recommended	**$275,000**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 8 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 8 OCC FUNDS **$786,044**

Total Amount available for OCC Urban/Exurban **$316,622**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0090	City of Lacy Lakeview	68.00	OCC	8	U/E	$220,000	4	$220,000	4	Gen	
2006-0103	City of Bellmead	65.00	OCC	8	U/E	$275,000	5	$275,000	5	Gen	
2006-0143	City of Belton	65.00	OCC	8	U/E	$275,000	5	$275,000	5	Gen	
						$275,000		**$770,000**			

Total OCC U/E Funds Recommended	**$770,000**
OCC U/E funds Balance	**-$453,378**
Add from 06 remaining funds	**$453,378**
Total OCC U/E Funds Recommended	**$770,000**

Total Amount available for OCC Rural **$469,422**
Add remaining TBRA **$181,395**
$650,817

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0079	City of Jewett	78.00	OCC	8	Rural	$275,000	5	$275,000	5	Gen	
2006-0193	City of Moody	77.00	OCC	8	Rural	$275,000	5	$275,000	5	Gen	
2006-0146	Lampasas County	76.00	OCC	8	Rural	$275,000	5	$275,000	5	Gen	
2006-0060	City of Rosebud	75.00	OCC	8	Rural	$275,000	5				
2006-0080	City of Hubbard	75.00	OCC	8	Rural	$220,000	5				
2006-0149	City of Mart	75.00	OCC	8	Rural	$275,000	5				
2006-0168	City of Gatesville	75.00	OCC	8	Rural	$275,000	5				
2006-0073	Falls County	72.00	OCC	8	Rural	$275,000	5				
2006-0081	City of Marlin	70.00	OCC	8	Rural	$275,000	5				
2006-0037	City of Hillsboro	68.00	OCC	8	Rural	$275,000	5				
						$2,695,000		**$825,000**			

Total OCC Rural Funds Recommended	**$825,000**
OCC Rural Funds Balance	**-$174,183**
Add from 06 remaining funds	$174,183
Total OCC Rural funds Recommended	$825,000

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 9 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 9 **$ 1,393,668**

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 9 TBRA FUNDS **$209,050**

Total Amount available for TBRA Urban/Exurban **$91,145**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	9	U/E						
						$0		**$0**			

Total TBRA U/E Funds Recommended **$0**

Remaining TBRA U/E funds moved to TBRA Rural **$91,145**

Total Amount available for TBRA Rural **$117,905**

Add remaining TBRA U/E **$91,145**

$209,050

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0016	Ellis Community Resources, Inc.	63.00	TBRA	9	Rural	$275,000	20	$275,000	20	SN	
2006-0018	Ellis Community Resources, Inc.	61.00	TBRA	9	Rural	$275,000	20	$0			funded 2006-0016
						$550,000		**$275,000**			

Total TBRA Rural Funds Recommended **$275,000**

TBRA Rural funds Balance **-$65,950**

add from 06 remaining funds **$65,950**

Total TBRA Rural Funds Recommended **$275,000**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 9 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 9 HBA FUNDS **$278,734**

Total Amount available for HBA Urban/Exurban $ 121,527

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	9	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$121,527**

Total Amount available for HBA Rural **$157,207**
Add remaining HBA U/E **$121,527**
$278,734

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	9	Rural						
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA Rural funds moved to OCC Rural **$278,734**

AVAILABLE REGION 9 OCC FUNDS **$905,884**

Total Amount available for OCC Urban/Exurban **$394,962**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0017	City of New Braunfels	49.00	OCC	9	U/E	$275,000	13	$0			Threshold
						$275,000		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$394,962**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 9 Funding Recommendations

(Subject to the Regional Allocation Formula*)

Total Amount available for OCC Rural	**$510,923**
Add remaining HBA	**$278,734**
Add remaining OCC U/E	**$394,962**
	$1,184,618

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0131	City of Ingram	78.00	OCC	9	Rural	$275,000	5	$275,000	5	Gen.	
2006-0190	City of Devine	69.00	OCC	9	Rural	$275,000	5	$275,000	5	Gen.	
2006-0095	Karnes County	50.50	OCC	9	Rural	$275,000	9				Threshold
						$825,000		**$550,000**			

Total OCC Rural Funds Recommended	**$550,000**	
Remaining OCC Rural Funds	**$634,618**	Available for other Regions

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 10 $ 1,878,128

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 10 TBRA FUNDS **$281,719**

Total Amount available for TBRA Urban/Exurban **$91,135**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANT		TBRA	10	U/E						
						$0		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$91,135**

Total Amount available for TBRA Rural **$190,584**
Add remaining TBRA U/E **$91,135**
$281,719

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0050	Latino Education Project, Inc.	59.20	TBRA	10	Rural	$275,000	25	$275,000	25	SN	
						$275,000		**$275,000**			

Total TBRA Rural Funds Recommended **$275,000**
Remaining TBRA Rural funds moved to OCC Rural **$6,719**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

AVAILABLE REGION 10 HBA FUNDS **$375,626**

Total Amount available for HBA Urban/Exurban $ 121,514

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	9	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$121,514**

Total Amount available for HBA Rural **$254,112**
Add remaining HBA U/E **$121,514**
$375,626

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0077	Kingsville Housing Authority	58.00	HBA	10	Rural	$200,000	20	$200,000	20	Gen.	
						$200,000		**$200,000**			

Total HBA Rural Funds Recommended **$200,000**
Remaining HBA Rural funds moved to OCC Rural **$175,626**

AVAILABLE REGION 10 OCC FUNDS **$1,220,783**

Total Amount available for OCC Urban/Exurban **$394,920**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0109	City of Yorktown	47.00	OCC	10	U/E	275,000	9	$0			Threshold
						$275,000		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$394,920**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

Total Amount available for OCC Rural	**$825,863**
Add remaining TBRA	**$6,719**
Add remaining HBA	**$175,626**
Add remaining OCC U/E	**$394,920**
	$1,403,128

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0111	City of Orange Grove	75.00	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0165	Town of Bayside	75.00	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0130	City of Driscoll	74.00	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0163	City of Aransas Pass	74.00	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0134	City of George West	73.00	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0123	San Patricio County	72.67	OCC	10	Rural	$275,000	5	$275,000	5	Gen	
2006-0136	City of Gregory	70.00	OCC	10	Rural	$275,000	5	$0			
2006-0122	City of Freer	68.00	OCC	10	Rural	$275,000	5	$0			
2006-0144	City of Bishop	68.00	OCC	10	Rural	$275,000	5	$0			
2006-0127	City of Sinton	67.00	OCC	10	Rural	$275,000	5	$0			
2006-0160	City of Odem	65.00	OCC	10	Rural	$275,000	5	$0			
2006-0099	City of Kingsville	63.00	OCC	10	Rural	$275,000	7				Threshold
2006-0145	Jim Wells County	63.00	OCC	10	Rural	$275,000	5				Threshold
2006-0141	City of Hallettsville	59.00	OCC	10	Rural	$275,000	5				Threshold
2006-0049	City of Robstown	52.00	OCC	10	Rural	$275,000	5				Threshold
2006-0056	Community Action Council of South Texas	50.33	OCC	10	Rural	$275,000	11				Threshold
						$4,400,000		**$1,650,000**			

Total OCC Rural Funds Recommended	**$1,650,000**
OCC Rural Funds Balance	**-$246,872**
Add from 06 remaining funds	$246,872
Total OCC Rural Funds Recommended	$1,650,000

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 11 Funding Recommendation

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 11 $ 4,243,879

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 11 TBRA FUNDS **$636,582**

Total Amount available for TBRA Urban/Exurban **$207,186**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANT		TBRA	11	U/E						
						$0		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$207,186**

Total Amount available for TBRA Rural **$429,396**
Add remaining TBRA U/E **$207,186**
$636,582

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0101	Cameron County Housing Authority	67.00	TBRA	11	Rural	$275,000	30	$275,000	30	SN	
						$275,000		**$275,000**			

Total TBRA Rural Funds Recommended **$275,000**
Remaining TBRA Rural funds moved to OCC Rural **$361,582**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 11 Funding Recommendation

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 11 HBA FUNDS	**$848,776**

Total Amount available for HBA Urban/Exurban $ 276,248

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0074	United Way of Southern Cameron County	64.00	HBA	11	U/E	$275,000	28	$275,000	28	Gen	
2006-0030	Coto de Casa	56.00	HBA	11	U/E	$200,000	20	$200,000	20	Gen	
2006-0196	Town of Combes	19.00	HBA	11	U/E	$250,000	25				Threshold
						$475,000		**$475,000**			

Total HBA U/E Funds Recommended	**$475,000**
HBA U/E funds Balance	**-$198,752**
Add from 06 remaining funds	**$198,752**
Total HBA U/E Funds Recommended	**$475,000**

Total Amount available for HBA Rural $572,527

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0153	Carrizo Springs Affordable Housing, Inc.	63.33	HBA	11	Rural	$275,000	30	$275,000	30	Gen	
2006-0085	Cameron County Housing Finance Corp.	59.00	HBA	11	Rural	$275,000	28	$275,000	28	Gen	
2006-0086	United Way of Southern Cameron County	64.00	HBA	11	Rural	$275,000	28	$0			funded # 2006-0074
2006-0039	Community Council of Southwest Texas	50.25	HBA	11	Rural	$500,000	50				Threshold
						$1,325,000		**$550,000**			

Total HBA Rural Funds Recommended	**$550,000**
Remaining HBA Rural funds moved to OCC Rural	**$22,527**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 11 Funding Recommendation

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 11 OCC FUNDS	**$2,758,521**

Total Amount available for OCC Urban/Exurban	**$897,807**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0046	City of Edinburg	70.00	OCC	11	U/E	$275,000	8	$275,000	8	Gen	
2006-0105	City of Primera	59.00	OCC	11	U/E	275,000	11				Threshold
						$550,000		**$275,000**			

Total OCC U/E Funds Recommended	**$275,000**
Remaining OCC U/E funds moved to OCC Rural	**$622,807**

Total Amount available for OCC Rural	**$1,860,714**
Add remaining TBRA	**$361,582**
Add remaining HBA	**$22,527**
Add remaining OCC U/E	**$622,807**
	$2,867,630

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0036	City of La Grulla	74.00	OCC	11	Rural	$275,000	7	$275,000	7	Gen.	
2006-0177	City of Big Wells	69.00	OCC	11	Rural	$275,000	5	$275,000	5	Gen.	
2006-0175	City of Roma	63.00	OCC	11	Rural	$275,000	5				Threshold
2006-0055	Community Action Council of South Texas	52.00	OCC	11	Rural	$275,000	11				Threshold
2004-0040	Community Council of Southwest Texas	47.57	OCC	11	Rural	$270,000	18				Threshold
						$1,100,000		**$550,000**			

Total OCC Rural Funds Recommended	**$550,000**	
Remaining OCC Rural Funds	**$2,317,630**	Available to fund other Regions

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 12 $ 1,411,415

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 12 TBRA FUNDS **$211,712**

Total Amount available for TBRA Urban/Exurban **$130,720**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0043	Buckner Children & Familly Services, Inc. dba Family Place at Hearthstone	62.00	TBRA	12	U/E	$80,080	5	$80,080	5	Gen	
						$80,080		**$80,080**			

Total TBRA U/E Funds Recommended **$80,080**
Remaining TBRA U/E funds moved to TBRA Rural **$50,640**

Total Amount available for TBRA Rural **$80,992**
Add remaining TBRA U/E **$50,640**
$131,632

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	12	Rural						
						$0		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA Rural funds moved to OCC Rural **$131,632**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 12 Funding Recommendations

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 12 HBA FUNDS **$282,283**

Total Amount available for HBA Urban/Exurban **$ 174,294**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	12	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$174,294**

Total Amount available for HBA Rural **$107,989**
Add remaining HBA U/E **$174,294**
$282,283

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0021	Concho Valley Community Action Agency	68.00	HBA	12	Rural	$150,000	15	$150,000	15	Gen.	
						$150,000		**$150,000**			

Total HBA Rural Funds Recommended **$150,000**
Remaining HBA Rural funds moved to OCC Rural **$132,283**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

AVAILABLE REGION 12 OCC FUNDS	**$917,420**
Total Amount available for OCC Urban/Exurban	**$566,454**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0100	Midland Neighborhood Housing Services	61.00	OCC	12	U/E	$100,000	5	$0			Threshold
						$100,000		**$0**			

Total OCC U/E Funds Recommended	**$0**
Remaining OCC U/E funds moved to OCC Rural	**$566,454**

Total Amount available for OCC Rural	**$350,966**
Add remaining TBRA	**$131,632**
Add remaining HBA	**$132,283**
Add remaining OCC U/E	**$566,454**
	$1,181,335

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0121	City of Forsan	78.00	OCC	12	Rural	$275,000	5	$275,000	5	Gen	
2006-0156	City of Coahoma	72.00	OCC	12	Rural	$275,000	5	$275,000	5	Gen	
2006-0159	Crane County	71.00	OCC	12	Rural	$275,000	5	$275,000	5	Gen	
2006-0197	Town of Pecos City	70.00	OCC	12	Rural	$275,000	5	$275,000	5	Gen	
2006-0112	City of Stanton	67.00	OCC	12	Rural	$275,000	5	$275,000	5	Gen	
2006-0052	City of Seminole	64.00	OCC	12	Rural	$275,000	5				Threshold
2006-0033	Pecos County	48.00	OCC	12	Rural	$275,000	10				Threshold
						$1,650,000		**$1,375,000**			

Total OCC Rural Funds Recommended	**$1,375,000**
OCC Rural Funds Balance	**-$193,665**
Add from 06 remaining funds	$193,665
Total OCC Rural Funds Recommended	$1,375,000

SINGLE FAMILY FINANCE PRODUCTION DIVISION
2006 HOME PROGRAM
Region 13 Funding Recommendations

(Subject to the Regional Allocation Formula*)

U/E = Urban / Exurban	**PWD = Persons with Disabilities**	**OCC = Owner Occupied Asst.**
R = Rural	**SN = Special Needs**	**HBA = Homebuyer Asst.**
	Gen. = General	**TBRA = Tenant-Based Rental Asst.**

TOTAL AMOUNT AVAILABLE TO REGION 13 $ 555,085

Applicants below the bold line did not meet the threshold score requirement, and denote "Threshold" in the Notes Column.

AVAILABLE REGION 13 TBRA FUNDS **$83,263**

Total Amount available for TBRA Urban/Exurban **$30,491**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0094	El Paso MHMR	0.00	TBRA	13	U/E	$268,616	23	$0			DISQ.
						$268,616		**$0**			

Total TBRA U/E Funds Recommended **$0**
Remaining TBRA U/E funds moved to TBRA Rural **$30,491**

Total Amount available for TBRA Rural **$52,772**
Add remaining TBRA U/E **$30,491**
$83,263

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		TBRA	13	Rural						
						$0		**$0**			

Total TBRA Rural Funds Recommended **$0**
Remaining TBRA Rural funds **moved to OCC Rural** **$83,263**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

(Subject to the Regional Allocation Formula*)

AVAILABLE REGION 13 HBA FUNDS **$111,017**

Total Amount available for HBA Urban/Exurban $ 40,654

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	13	U/E						
						$0		**$0**			

Total HBA U/E Funds Recommended **$0**
Remaining HBA U/E funds moved to HBA Rural **$40,654**

Total Amount available for HBA Rural **$70,363**
Add remaining HBA U/E $40,654
$111,017

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		HBA	13	Rural						
						$0		**$0**			

Total HBA Rural Funds Recommended **$0**
Remaining HBA Rural funds moved to OCC Rural **$111,017**

AVAILABLE REGION 13 OCC FUNDS **$360,805**

Total Amount available for OCC Urban/Exurban **$132,126**

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
	NO APPLICANTS		OCC	13	U/E						
						$0		**$0**			

Total OCC U/E Funds Recommended **$0**
Remaining OCC U/E funds moved to OCC Rural **$132,126**

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

Total Amount available for OCC Rural	**$228,679**
Add remaining TBRA	**$83,263**
Add remaining HBA	**$111,017**
Add remaining OCC U/E	**$132,126**
	$555,085

Application Number	Applicant	Score	Activity	Region	Rural or U/E	Project Funds Requested	Units Requested	Project Funds Rec'd	Units Rec'd	Population Served	Notes:
2006-0198	City of Valentine	70.00	OCC	13	Rural	$275,000	5	$275,000	5	SN	
						$275,000		**$275,000**			

Total OCC Rural Funds Recommended	**$275,000**	
Remaining OCC Rural Funds	**$280,085**	Available to Fund other Regions

*DUE TO ROUNDING, FIGURES MAY FLUCTUATE +/- $1.00

060027
Parkway Ranch

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

AUGUST 30, 2006

Action Items

Presentation, discussion and possible decision regarding the Applicant's appeal of underwriting for a 2006 HTC application.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

060027 Parkway Ranch

On August 9, 2006 the Applicant submitted an appeal requesting that the Department now consider increasing the credit amount above the $1.2 million per Development limit. The rule regarding this issue is embodied in Title 10 Section 50.6(6)(d) of the Texas Administration Code (part of the QAP). The maximum limit per Development is $1.2 million and the original July 10, 2006 underwriting recommendation is firmly grounded in the Department's rules.

Recommendation

Staff recommends the Board deny the appeal.

Appeal

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2006 Application Cycle
Addendum to Underwriting Report Notice

Appeal Election Form: 060027 Parkway Ranch   Date Notice Sent: 8/7/06

I am in receipt of my 2006 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site.
Given my appeal options I: (check all that apply)

- [x] Do wish to appeal to the Executive Director and will submit my complete appeal within seven days or forfeit my right to appeal the Underwriting Criteria or recommended award amount.

- [ ] Do wish to have my appeal added to the August 30, 2006 Board of Directors' meeting agenda if my **initial** appeal to the Executive Director is denied or not responded to prior to August 21, 2006. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., August 21, 2006 to be placed on the August 30, 2006 Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

- [ ] Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed [signature]

Title MANAGER OF THE GP

Date 8/9/06

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

Carl Hoover

From: Carl Hoover
Sent: Monday, August 14, 2006 1:52 PM
To: Jennifer Joyce
Cc: Tom Gouris
Subject: FW: 2006 Additional Credits

Jennifer, you indicated in your e-mail to Cynthia Bast on Aug. 9 "Should we determine that we will not award more than $1.2 M, and your client wishes to appeal the underwriting report, the applicant will have an opportunity to submit a more formal appeal relating to the issue due to these extenuating circumstances." Do you know of any other reason that the Applicant would have to appeal other than the $1.2M limit?

Thanks,

Carl (Sam) Hoover
TDHCA- Real Estate Analysis
Phone (512) 475-2050
Fax (512) 475-4420
carl.hoover@tdhca.state.tx.us

-----Original Message-----
From: Barry Kahn [mailto:bkahn@hettig-kahn.com]
Sent: Monday, August 14, 2006 12:31 PM
To: carl.hoover@tdhca.state.tx.us
Subject: FW: 2006 Additional Credits

Read down

-----Original Message-----
From: Bast, Cynthia L. [mailto:cbast@lockeliddell.com]
Sent: Wednesday, August 09, 2006 1:04 PM
To: Jennifer Joyce; khamby@tdhca.state.tx.us
Cc: Robbye Meyer; Tom Gouris; Lisa Vecchietti; Brooke Boston
Subject: RE: 2006 Additional Credits

That is helpful. Do I need to specify which applications I am representing for purposes of perfecting the appeal?

Cynthia L. Bast
Locke Liddell & Sapp LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701
512-305-4707 (direct)
512-391-4707 (direct fax)
cbast@lockeliddell.com

From: Jennifer Joyce [mailto:jennifer.joyce@tdhca.state.tx.us]
Sent: Wednesday, August 09, 2006 12:57 PM
To: Bast, Cynthia L.; khamby@tdhca.state.tx.us
Cc: 'Robbye Meyer'; 'Tom Gouris'; 'Lisa Vecchietti'; 'Brooke Boston'
Subject: RE: 2006 Additional Credits

Cynthia,

If Kevin's already responded, I apologize for the repeat here. We are looking into the issue, but we don't anticipate having an answer until Friday (and possibly later). I have confirmed with Kevin that your e-mails w/ attachments serve as meeting the 7-day deadline to submit an appeal to the ED. Should we determine that we will not award more than $1.2 M, and your client wishes to appeal the underwriting report, the applicant will have an opportunity to submit a more formal appeal relating to the issue due to these extenuating circumstances. Thank you for your patience during this very hectic time.

Please let me know if you have any questions,

Jen Joyce
Interim Manager of Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
(512) 475-3995

-----Original Message-----
From: Bast, Cynthia L. [mailto:cbast@lockeliddell.com]
Sent: Wednesday, August 09, 2006 11:34 AM
To: khamby@tdhca.state.tx.us; jjoyce@tdhca.state.tx.us
Subject: FW: 2006 Additional Credits

Please respond as to whether we need to file appeals for our clients as to credit amounts posted on the Web with the new underwriting reports. I don't want to compromise any client's rights, so I want to make sure I proceed correctly. Thank you.

From: Bast, Cynthia L.

Sent: Monday, August 07, 2006 8:58 PM

To: Michael Gerber (E-mail); Kevin Hamby (E-mail); Brooke Boston (E-mail); Robbye Meyer (E-mail); Tom J. Gouris (E-mail); Jennifer Joyce (E-mail)

Subject: 2006 Additional Credits

<<7gsx01!.DOC□>>

Please review and respond to the attached memorandum. Thank you.

IRS Circular 230 Disclosure: As required by United States Treasury Regulations, you should be aware that this communication is not intended or written by the sender to be used, and it cannot be used, by any recipient for the purpose of avoiding penalties that may be imposed on the recipient under United States federal tax laws. Click here for more information <http://www.lockeliddell.com/Public/docs/TaxLegend.pdf>.

Cynthia L. Bast
Locke Liddell & Sapp LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701
512-305-4707 (direct)
512-391-4707 (direct fax)
cbast@lockeliddell.com

Executive Director's Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

August 17, 2006

Mr. W. Barry Kahn
Parkway Ranch, Ltd.
5325 Katy Freeway, Suite One
Houston, TX 77007
Telephone: (713) 871-1916

Re: Appeal Received for Parkway Ranch – 060027

Dear Mr. Kahn:

Appeal Review

I have reviewed the application you submitted, as well as your appeal that was received on August 9, 2006 regarding the underwriting recommendation of the above-referenced application.

Your appeal asks that the Department now consider increasing the credit amount above the $1.2 million per Development limit. The rule regarding this issue is embodied in Title 10 Section 50.6(6)(d) of the Texas Administration Code (part of the QAP).

In order to apply the Department's rules and guidelines evenly, fairly, and as originally intended, your appeal is being denied. The appeal is being denied based on the maximum limit per Development being $1.2 million and that the original July 10, 2006 underwriting recommendation is firmly grounded in the Department's rules.

Appeal Determination

The appeal is denied.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

Brooke Boston for

Michael Gerber
Executive Director

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060027

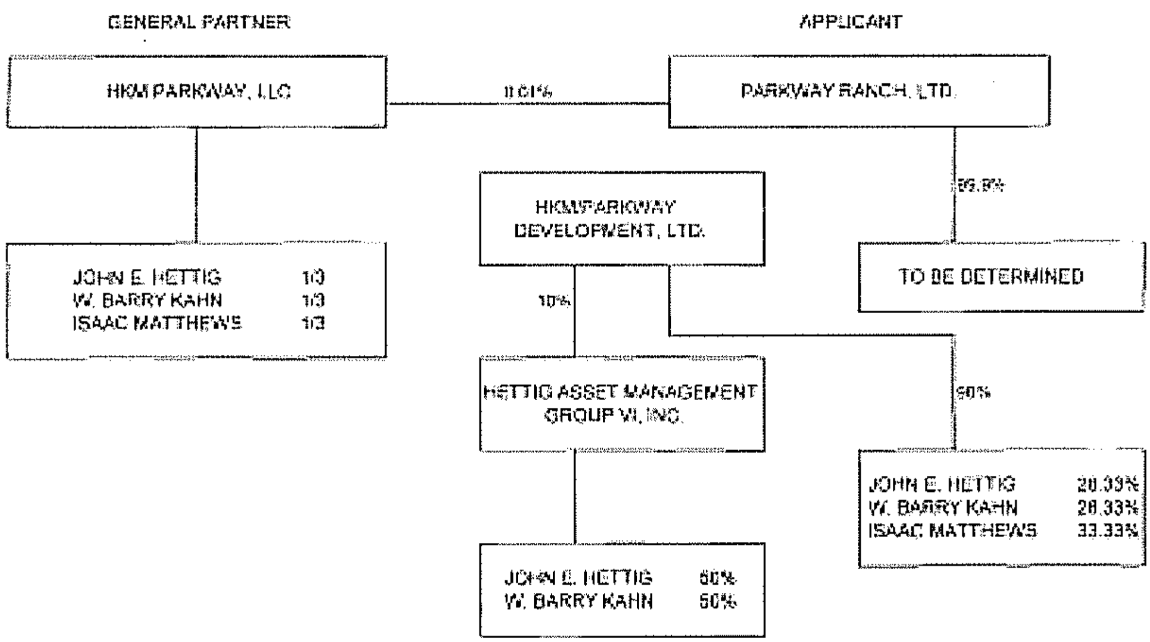
DEVELOPMENT NAME

Parkway Ranch

APPLICANT

Name:	Parkway Ranch, Ltd.	**Contact:**	W. Barry Kahn		
Address:	5325 Katy Freeway, Suite One				
City	Houston	**State:**	TX	**Zip:**	77007
Phone:	(713) 871-0063 **Fax:** (713) 871-1916	**Email:**	bkahn@hettig-kahn.com		

KEY PARTICIPANTS



PROPERTY LOCATION

Location:	East side of the 10,000 block of West Montgomery		
City:	Houston	**Zip:**	77088
County:	Harris	**Region:**	6

☒ QCT ☐ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,200,000	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Single-family rental
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,200,000[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

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.

ADDENDUM

The underwriting analysis has been revised to reflect the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

As stated in the Underwriting Report dated July 10, 2006, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $13,970,344 and the revised underwriting applicable percentage rate support annual tax credits of $1,467,867. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

The Applicant's total development cost estimate less the permanent loan of $3,900,000 indicates the need for $11,786,601 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,296,527 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the gap-driven amount ($1,296,527), the adjusted eligible basis-derived estimate ($1,467,867), and the maximum allowable allocation ($1,200,000), the maximum allowable allocation of $1,200,000 is recommended.

The Underwriter's recommended financing structure indicates the need for $877,521 in additional permanent funds. Deferred developer fees in this amount do not appear to be repayable from development cashflow within ten years of stabilized operation, but appear to be repayable within 15 years.

The syndication rate proposed in the commitment is below the current credit prices. If the final syndication rate were to increase by more than seven cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

SUMMARY OF SALIENT RISKS AND ISSUES

- 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.

Underwriter:	Carl Hoover	**Date:**	August 4, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	August 4, 2006

[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

MULTIFAMILY COMPARATIVE ANALYSIS

Parkway Ranch, Houston, 9% HTC #060027 -- App Perc Inc

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
HTC (30%)	4	4	2.5	1,429	$531	$365	$1,460	$0.26	$166.00	$13.31
HTC (50%)	69	4	2.5	1,429	885	$719	49,611	0.50	166.00	13.31
HTC (60%)	12	4	2.5	1,429	1,062	$896	10,752	0.63	166.00	13.31
MR	4	4	2.5	1,429	950	$950	3,800	0.66	166.00	13.31
HTC (50%)	17	4	2	1,445	885	719	12,223	0.50	166.00	13.31
HTC (60%)	5	4	2	1,445	1,062	896	4,480	0.62	166.00	13.31
MR	1	4	2	1,445	950	$950	950	0.66	166.00	13.31
TOTAL:	112		AVERAGE:	1,432	$902	$744	$83,276	$0.52	$166.00	$13.31

INCOME	Total Net Rentable Sq Ft:	160,416		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$999,312	$999,312		IREM Region	Houston
Secondary Income	Per Unit Per Month:	$10.00		13,440	13,440	$10.00	Per Unit Per Month	
Other Support Income: (describe)				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,012,752	$1,012,752			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(75,956)	(75,960)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$936,796	$936,792			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.46%	$373	0.26	$41,778	$25,188	$0.16	$225	2.69%
Management		5.00%	418	0.29	46,840	46,392	0.29	414	4.95%
Payroll & Payroll Tax		11.69%	978	0.68	109,487	125,568	0.78	1,121	13.40%
Repairs & Maintenance		6.74%	564	0.39	63,183	69,252	0.43	618	7.39%
Utilities		3.87%	324	0.23	36,288	39,948	0.25	357	4.26%
Water, Sewer, & Trash		3.16%	264	0.18	29,581	3,600	0.02	32	0.38%
Property Insurance		4.55%	381	0.27	42,624	32,472	0.20	290	3.47%
Property Tax	2.55427	10.69%	894	0.62	100,127	148,440	0.93	1,325	15.85%
Reserve for Replacements		2.39%	200	0.14	22,400	22,400	0.14	200	2.39%
Other: compl fees		2.79%	234	0.16	26,152	24,348	0.15	217	2.60%
TOTAL EXPENSES		55.34%	$4,629	$3.23	$518,461	$537,608	$3.35	$4,800	57.39%
NET OPERATING INC		44.66%	$3,735	$2.61	$418,335	$399,184	$2.49	$3,564	42.61%
DEBT SERVICE									
iCap Realty Advisors of Texas		36.66%	$3,066	$2.14	$343,402	$343,402	$2.14	$3,066	36.66%
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		8.00%	$669	$0.47	$74,933	$55,782	$0.35	$498	5.95%
AGGREGATE DEBT COVERAGE RATIO					1.22	1.16			
RECOMMENDED DEBT COVERAGE RATIO						1.16			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.47%	$9,068	$6.33	$1,015,576	$1,015,576	$6.33	$9,068	6.47%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.28%	7,400	5.17	828,800	828,800	5.17	7,400	5.28%
Direct Construction		54.86%	76,859	53.66	8,608,174	8,600,000	53.61	76,786	54.82%
Contingency	4.24%	2.55%	3,571	2.49	400,000	400,000	2.49	3,571	2.55%
General Req'ts	5.99%	3.61%	5,051	3.53	565,725	565,725	3.53	5,051	3.61%
Contractor's G & A	2.00%	1.20%	1,684	1.18	188,575	188,575	1.18	1,684	1.20%
Contractor's Profit	5.99%	3.61%	5,051	3.53	565,725	565,725	3.53	5,051	3.61%
Indirect Construction		2.84%	3,976	2.78	445,300	445,300	2.78	3,976	2.84%
Ineligible Costs		2.52%	3,527	2.46	395,000	395,000	2.46	3,527	2.52%
Developer's G & A	2.00%	1.55%	2,171	1.52	243,126	0	0.00	0	0.00%
Developer's Profit	13.00%	10.07%	14,110	9.85	1,580,319	1,827,900	11.39	16,321	11.65%
Interim Financing		3.53%	4,946	3.45	554,000	554,000	3.45	4,946	3.53%
Reserves		1.91%	2,679	1.87	300,000	300,000	1.87	2,679	1.91%
TOTAL COST		100.00%	$140,092	$97.81	$15,690,320	$15,686,601	$97.79	$140,059	100.00%
Construction Cost Recap		*71.11%*	*$99,616*	*$69.55*	*$11,156,999*	*$11,148,825*	*$69.50*	*$99,543*	*71.07%*

2006 QAP §50.9(i)(8) points awarded for costs less than $70.00 per square foot

SOURCES OF FUNDS	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
iCap Realty Advisors of Texas	24.86%	$34,821	$24.31	$3,900,000	$3,900,000	$3,900,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$1,822,219
HTC Syndication Proceeds	69.53%	$97,403	$68.00	10,909,080	10,909,080	10,909,080	% of Dev. Fee Deferred
Deferred Developer Fees	5.59%	$7,835	$5.47	877,521	877,521	877,521	48%
Additional (Excess) Funds Req'd	0.02%	$33	$0.02	3,719	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,690,320	$15,686,601	$15,686,601	$1,537,991

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Parkway Ranch, Houston, 9% HTC #060027 – App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Single Family Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$61.70	$9,896,934
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.14)	(182,874)
Floor Cover			2.92	468,415
Porches/Balconies	$18.11	15,831	1.79	286,699
Plumbing	$940	178	1.04	167,320
Built-In Appliances	$2,375	112	1.66	266,000
Stairs/Fireplaces			0.00	0
Enclosed Corridors	$51.78		0.00	0
Heating/Cooling			1.62	259,874
Garages	$20.03	10,758	1.34	215,483
Comm &/or Aux Bldgs	$70.97	1,996	0.88	141,646
Other:			0.00	0
SUBTOTAL			71.81	11,519,496
Current Cost Multiplier	1.03		2.15	345,585
Local Multiplier	0.89		(7.90)	(1,267,145)
TOTAL DIRECT CONSTRUCTION COSTS			$66.07	$10,597,937
Plans, specs, survy, bld prm	3.90%		($2.58)	($413,320)
Interim Construction Interest	3.38%		(2.23)	(357,680)
Contractor's OH & Profit	11.50%		(7.60)	(1,218,763)
NET DIRECT CONSTRUCTION COSTS			$53.66	$8,608,174

PAYMENT COMPUTATION

Primary	$3,900,000	Amort	360
Int Rate	8.00%	DCR	1.22

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.22

Additional	$10,909,080	Amort	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N(

Primary Debt Service	$343,402
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$55,782

Primary	$3,900,000	Amort	360
Int Rate	8.00%	DCR	1.16

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$10,909,080	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$999,312	$1,029,291	$1,060,170	$1,091,975	$1,124,734	$1,303,875	$1,511,549	$1,752,300	$2,354,944
Secondary Income	13,440	13,843	14,258	14,686	15,127	17,536	20,329	23,567	31,672
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,012,752	1,043,135	1,074,429	1,106,661	1,139,861	1,321,412	1,531,878	1,775,867	2,386,616
Vacancy & Collection Loss	(75,960)	(78,235)	(80,582)	(83,000)	(85,490)	(99,106)	(114,891)	(133,190)	(178,996)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$936,792	$964,899	$993,846	$1,023,662	$1,054,372	$1,222,306	$1,416,987	$1,642,677	$2,207,620
EXPENSES at 4.00%									
General & Administrative	$25,188	$26,196	$27,243	$28,333	$29,466	$35,850	$43,617	$53,067	$78,553
Management	46,392	47783.9436	49217.46194	50693.9858	52214.80537	60531.27016	70172.33218	81348.96543	109326.2071
Payroll & Payroll Tax	125,568	130,591	135,814	141,247	146,897	178,722	217,443	264,553	391,603
Repairs & Maintenance	69,252	72,022	74,903	77,899	81,015	98,567	119,922	145,904	215,973
Utilities	39,948	41,546	43,208	44,936	46,734	56,858	69,177	84,164	124,584
Water, Sewer & Trash	3,600	3,744	3,894	4,050	4,211	5,124	6,234	7,585	11,227
Insurance	32,472	33,771	35,122	36,527	37,988	46,218	56,231	68,414	101,269
Property Tax	148,440	154,378	160,553	166,975	173,654	211,276	257,050	312,741	462,933
Reserve for Replacements	22,400	23,296	24,228	25,197	26,205	31,882	38,790	47,193	69,858
Other	24,348	25,322	26,335	27,388	28,484	34,655	42,163	51,298	75,933
TOTAL EXPENSES	$537,608	$558,649	$580,517	$603,245	$626,868	$759,685	$920,800	$1,116,267	$1,641,258
NET OPERATING INCOME	$399,184	$406,251	$413,330	$420,417	$427,504	$462,621	$496,188	$526,410	$566,362
DEBT SERVICE									
First Lien Financing	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402
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	$55,782	$62,849	$69,928	$77,015	$84,102	$119,219	$152,786	$183,008	$222,961
DEBT COVERAGE RATIO	1.16	1.18	1.20	1.22	1.24	1.35	1.44	1.53	1.65

HTC ALLOCATION ANALYSIS - Parkway Ranch, Houston, 9% HTC #060027 -- App Perc Inc

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	$1,015,576	$1,015,576		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$828,800	$828,800	$828,800	$828,800
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$8,600,000	$8,608,174	$8,600,000	$8,608,174
(4) Contractor Fees & General Requirements				
Contractor overhead	$188,575	$188,575	$188,575	$188,575
Contractor profit	$565,725	$565,725	$565,725	$565,725
General requirements	$565,725	$565,725	$565,725	$565,725
(5) Contingencies	$400,000	$400,000	$400,000	$400,000
(6) Eligible Indirect Fees	$445,300	$445,300	$445,300	$445,300
(7) Eligible Financing Fees	$554,000	$554,000	$554,000	$554,000
(8) All Ineligible Costs	$395,000	$395,000		
(9) Developer Fees			$1,822,219	
Developer overhead		$243,126		$243,126
Developer fee	$1,827,900	$1,580,319		$1,580,319
(10) Development Reserves	$300,000	$300,000		
TOTAL DEVELOPMENT COSTS	$15,686,601	$15,690,320	$13,970,344	$13,979,744

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$13,970,344	$13,979,744
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$18,161,447	$18,173,667
Applicable Fraction		96%	96%
TOTAL QUALIFIED BASIS		$17,350,668	$17,362,343
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$1,467,867	$1,468,854
Syndication Proceeds	**0.9091**	**$13,344,228**	**$13,353,206**
Total Tax Credits (Eligible Basis Method)		**$1,467,867**	**$1,468,854**
Syndication Proceeds		**$13,344,228**	**$13,353,206**
Requested Tax Credits		**$1,200,000**	
Syndication Proceeds		**$10,909,080**	
Gap of Syndication Proceeds Needed		**$11,786,601**	
Total Tax Credits (Gap Method)		**$1,296,527**	
Limited Syndication Proceeds		**$10,909,080**	
Total Tax Credits (QAP Limit)		**$1,200,000**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 10, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060027

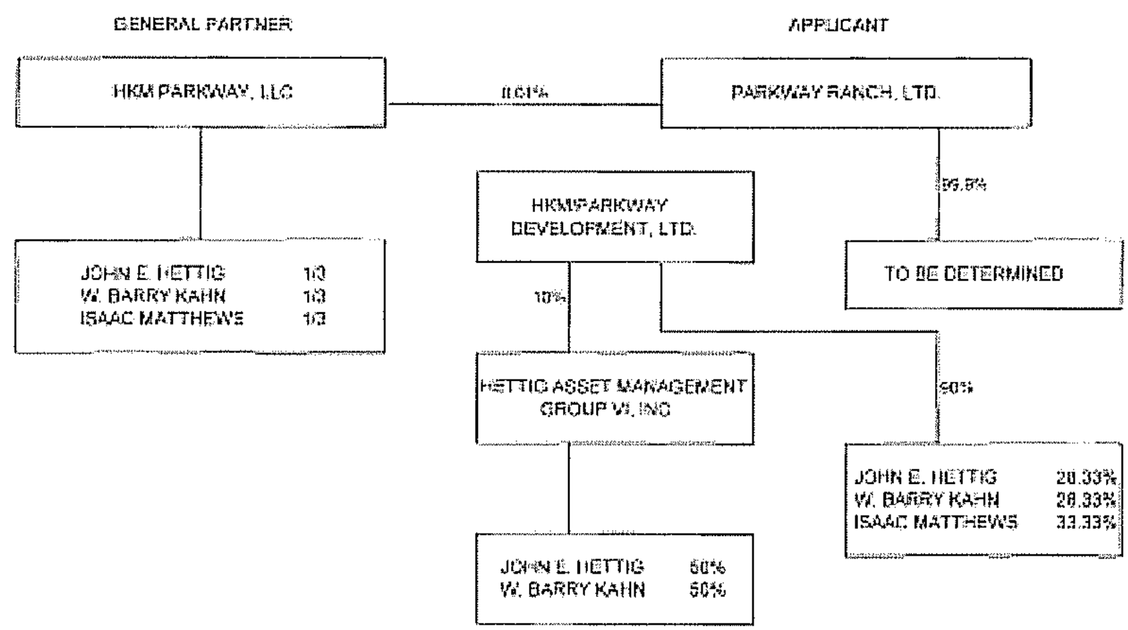
DEVELOPMENT NAME

Parkway Ranch

APPLICANT

Name:	Parkway Ranch, Ltd.	**Contact:**	W. Barry Kahn
Address:	5325 Katy Freeway, Suite One		
City	Houston	**State:**	TX **Zip:** 77007
Phone:	(713) 871-0063 **Fax:** (713) 871-1916	**Email:**	bkahn@hettig-kahn.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location:	East side of the 10,000 block of West Montgomery		
City:	Houston	**Zip:**	77088
County:	Harris	**Region:**	6

☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,200,000	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Single-family rental
Target Population:	Family	**Other:**	Urban/Exurban

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,200,000 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

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: 112 **# Res Bldgs** 112 **# Non-Res Bldgs** 2 **Age:** N/A yrs

Net Rentable SF: 160,416 **Av Un SF:** 1,432 **Common Area SF:** 1,996 **Gross Bldg SF:** 162,412

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern single-family rental developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 1% masonry veneer, 99% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 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, an ice maker in the refrigerator, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 100 or more, the Applicant has elected to provide an accessible walking path, a barbecue or picnic table for every 50 units, controlled access gates, a covered pavilion that includes barbecue grills and tables, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a swimming pool.

Uncovered Parking: 50 spaces **Carports:** 0 spaces **Garages:** 200 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Parkway Ranch is a 4.4-unit per acre new construction development located in northwest Houston. The development is comprised of 112 evenly distributed single family residential detached buildings each with four bedrooms.

The development includes a 1,996-square foot community building and a separate 595-square foot barbeque pavilion and mail building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	25.71 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	No zoning in Houston	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is located on the east side of the 10,000 block of West Montgomery Road, north of West Gulfbank, in Harris County, Texas. The property is actually located just outside the Houston city limits.

Adjacent Land Uses:

- **North:** vacant land immediately adjacent and single-family residential beyond;
- **South:** single-family residential immediately adjacent and vacant land beyond;
- **East:** Rosslyn Road immediately adjacent and vacant land beyond; and
- **West:** West Montgomery Road immediately adjacent and single-family residential beyond.

Site Access: Access to the property is from the southeast or northwest along West Montgomery Road. The development is to have one main entry. Access to Interstate Highway 45 is less than one mile east which provides connections to all other major roads serving the greater Houston area.

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

Shopping & Services: "Shopping is convenient to the subject property with Greenspoint Mall (a regional mall – within two miles), and neighborhood shopping and strip centers near the subject property (located along nearby thoroughfares such a Veterans Memorial Boulevard and Interstate Highway 45." (p. 25)

TDHCA SITE INSPECTION

Inspector:	Manufactured Housing Staff	**Date:**	4/12/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated January 5, 2006 was prepared by Phase Engineering, Inc. and contained the following findings and recommendations:

Findings:

- **Noise:** A noise study was completed for the subject site. Based on the noise study, the subject site lies within an area of acceptable noise tolerance. The site met the following three objectives:
    - The automobile noise level is below 55 decibels.
    - The aircraft noise level is below 62 decibels.
    - No railways are located within 3000 yards of the subject site. (p.18)
- **Floodplain:** The FEMA, Harris County, Flood Insurance Rate **Map No. 48201C0465K** shows that the subject site lies in Zone X. Zone X is defined as: Areas determined to be outside the 500 year flood plain; areas of minimal flooding.
- **Asbestos-Containing Materials (ACM):** Was not addressed since the subject is vacant land.
- **Lead-Based Paint (LBP):** Was not addressed since the subject is vacant land.
- **Lead in Drinking Water:** "Potable water service is provided to the subject site by a Harris County Municipal Utility District (MUD)." (p. 14)
- **Radon:** "The U.S. EPA and the U.S. Geological Survey evaluated the radon potential in the U.S. and developed a map to assist National, State and local organizations to target their resources and to assist building code officials in deciding whether radon-resistant features are applicable in new construction. The map assigns each of the 3,141 counties in the U.S. to one of three zones based on

radon potential. Each zone designation reflects the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon control methods. The radon zone designation of the highest priority is Zone 1. The subject site area has been designated to Zone 3 - Low Potential (less than 2 pCilL). No specific testing for radon would be necessary for the subject site." (p. 18)

Recommendations: "This assessment has revealed no evidence of recognized environmental conditions in connection with the property." (p. 22)

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside.
One hundred and seven of the units (96% of the total) will be reserved for low-income tenants. Four of the units (4%) will be reserved for households earning 30% or less of AMI, 86 units (77%) will be reserved for households earning 50% or less of AMI, 19 units (17%) will be reserved for households earning 60% or less of AMI, and the remaining five units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated February 28, 2006 was prepared by Patrick O'Connor & Associates, L.P. ("Market Analyst") and included the following findings:

Secondary Market Information: A secondary market was not identified in the Market Study.

Definition of Primary Market Area (PMA): "The primary market area lies within zip codes 77038, 77086 and 77088, and is delineated by Beltway 8 on the north, Little York Road to the south, Interstate 45 to the east, and North Houston Rosslyn Road and Blacksmith Road to the west." (p. 25) This area encompasses approximately 28 square miles and is equivalent to a circle with a radius of three miles.

Population: The estimated 2005 population of the PMA was 98,287 and is expected to increase by 7.25% to approximately 105,414 by 2010. Within the primary market area there were estimated to be 30,194 households in 2005.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% (p. 67) and a household size-appropriate adjustment rate of 34.99% (p. 67). The Analyst's income band of $18,206 to $42,280 (p. 63) results in an income-renter eligible adjustment rate of 16.36% (p. 67). The tenure appropriate adjustment rate is specific to the income-eligible population (p. 67). The Market Analyst indicates a turnover rate of 60% applies based on reports from apartment property managers in the subject's neighborhood. (p. 66) In addition, the market analyst calculated 64 units of demand for Section 8 housing. (p. 65)

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	20	1.78%	21	2%
Resident Turnover	1,057	94.32%	1,013	95%
Other Sources: Section 8	64	5.68%	27	3%
TOTAL DEMAND	**1,121**	**100%**	**1,062**	**100%**

p. 65-69

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 19.54% based upon 1,121 units of demand and 219 unstabilized affordable housing in the PMA (including the subject and TDHCA #05021 Waterside Court with 112 units) (p. 68) The Underwriter calculated an inclusive capture rate of 20.6% based upon a revised demand estimate for 1,062 affordable units.

Unit Mix Conclusion: "Analysis of the current Harris County housing development trends, particularly multifamily development, show that the market is pumping out an abundant supply of one and two-bedroom housing units in response to estimated and projected increase of smaller households. However, the market's response to meet the needs of smaller households has created a void in meeting the needs of large households, this enhancing the issue of overcrowding." (p. 11)

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 914 units in the market area. (p. 46)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
4-Bedroom (30%) 1,429 sq. ft.	$365	$365	$0	$1,155	-$790
4-Bedroom (50%) 1.429 sq. ft.	$719	$719	$0	$1,155	-$436
4-Bedroom (60%) 1.429 sq. ft.	$896	$896	$0	$1,155	-$259
4-Bedroom (MR) 1.429 sq. ft.	$950	N/A	N/A	$1,155	-$205
4-Bedroom (50%) 1,445 sq. ft.	$719	$719	$0	$1,110	-$391
4-Bedroom (60%) 1,445 sq. ft.	$896	$896	$0	$1,110	-$214
4-Bedroom (MR) 1,445 sq. ft.	$950	N/A	N/A	$1,110	-$160

(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 apartments in the subject's primary market area was reported at 90.81% in the most recent O'Connor & Associated Apartment Database survey (December 2005)." (p. 40)

Absorption Projections: "Given the uniqueness of the subject property, the healthy occupancies in the PMA, and lack of proposed product, the subject should be able to reach a stabilized occupancy level within 12 months of completion." (p. 40) "The absorption rates of the newly-constructed project in the primary market area appear very favorable. Additionally, historical absorption for new projects in the area has been favorable." (p. 37)

Unstabilized, Under Construction, and Planned Development: "Based on our research, there are two affordable housing project currently proposed, under construction, approved for construction, or unstabilized in the subject's primary market. However, one is a Senior complex and not "like" to the subject. The only "like" project is Waterside Court, a 118-unit single-family HTC project with only four-bedroom units. 112 of Waterside Court's units are rent-restricted." (p. 68)

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Inwood/Northwest submarket #14 within the Houston MSA. According to the Department's market study the overall demand for additional rental units in the entire Houston MSA at the 51% to 60% of area median income range is very low or negative. In this submarket for example there are six units of demand for four-bedroom units at the 30% income level; twelve units of demand for four-bedroom units at the 50% income level; and a negative 2 units of demand for four-bedroom units at the 60% income level (p. III-547). The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attracted away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied.)

The Underwriter requested additional information from the Market Analyst to explore these and other differences. In a follow-up analysis dated June 14, 2006 the Market Analyst indicated the following concerns with the study commissioned by the Department:

- [The Vogt Williams & Bowen study commissioned by the Department] "...Uses HISTA Data which is averages of averages, thereby decreasing confidence level of accuracy.
- Arbitrary use of replacement of 2.5% of "Functionally Obsolete" units perpetuates and exacerbates the problem of substandard housing. Without new/newly–renovated product within the submarket, the owners of the "functionally obsolete" complexes have no impetus to demolish or renovate.

- Vogt Williams methodology does not conform to the 2006 QAP.
- Vogt Williams study states that 21.4% of the population within the submarket is Rent-Overburdened, but does nothing to address this problem
- Vogt Williams study surveyed less than 45% of the complexes within the submarket
- Numerous minor error in project names, number of units, status (tax credit or market, or senior versus family) which diminish the confidence level in conclusions.
- The study showing negative demand at the 40% to 60% AMI level ranging from 164 to 188 units annually for the years 2006 to 2009 makes no intuitive sense. If there were negative demand, the existing HTC complexes would not be operating in the 90% to 100% occupancy level, for the most part."

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of April 1, 2006, maintained by Harris County Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electric, natural gas, water, and sewer costs. The Applicant only proposed $10 per unit per month secondary income for application fees, late charges and cable income.

Expenses: The Applicant's total expense estimate of $4,699 per unit is within 2% of the Underwriter's database-derived estimate of $4,629 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative ($16.6K lower), payroll ($16.1K higher), water, sewer, and trash ($25K lower), property tax ($48.3K higher).

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

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cash flow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (44.024) acres	$784,354	**Assessment for the Year of:**	2005
Prorated: 1 acre	$17,817	**Valuation by:**	Harris County Appraisal District
Prorated Value: 25.71 ac.	$458,075	**Tax Rate:**	2.55427

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest money contract (44.024 acres) (to Hettig/Kahn Development Corp.)		
Contract Expiration:	8/4/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,739,236	**Other:**	Earnest Money: $35,000
Seller:	Bay Interests, LP	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $39,501 per acre or $9,068 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. A relocated party (Hettig/Kahn Development Corp.) is acquiring a larger 44.024 acre tract for $39,507 per acre and splitting off the subject's 25.71 acres at a prorata amount. An assignment of the portion of this contract was also provided.

Sitework Cost: The Applicant's claimed sitework costs of $7,400 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 $446,447 or 4.94% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $38,000 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by $5,681 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. The Applicant's fees for the contractor and developer were set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above the eligible basis portion of these fees now exceed the maximum by $43,681 and have been reduced by the same amount in order to recalculate the appropriate requested credit amount.

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 $13,970,344 supports annual tax credits of $1,417,550. 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 FINANCING

Source: iCap Realty Advisors of Texas **Contact:** Mahesh Aiyer

Principal: $3,900,000 **Interest Rate:** 8.0%, fixed **Amort:** 360 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

TAX CREDIT SYNDICATION

Source: Hudson Housing Capital, LLC **Contact:** Sam Ganeshan

Proceeds: $10,908,080 **Net Syndication Rate:** 91% **Anticipated HTC:** $1,200,000/year

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $877,521 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: 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 $877,521 amount to 48% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $3,900,000 indicates the need for $11,786,601 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,296,527 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,200,000), the gap-driven amount ($1,296,527), and eligible basis-derived estimate ($1463,426), the Applicant's request of $1,200,000 is recommended resulting in proceeds of $10,909,080 based on a syndication rate of 91%. The syndication rate proposed in the commitment is in the low end of of current credit prices. If the final syndication rate were to increase by seven cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

The Underwriter's recommended financing structure indicates the need for $877,521 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cash flow in just over ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager 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.
- The 10% owner of the Developer, Hettig Asset Management Group VI, Inc., submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $13.6K and consisting of $12.5 in cash, and $1.1K in other assets. Liabilities totaled a positive $1K in a tax payment carry forward, resulting in a net worth of $14.3K.
- The principals of the General Partner, Isaac Mathews, Barry Kahn, and John Hettig all submitted unaudited financial statements as of January 1, 2006 and are anticipated to be guarantors of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- 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.

Underwriter:	Carl Hoover	**Date:**	July 10, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	July 10, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Parkway Ranch, Houston, 9% HTC #060027

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
HTC (30%)	4	4	2.5	1,429	$531	$365	$1,460	$0.26	$166.00	$13.31
HTC (50%)	69	4	2.5	1,429	885	$719	49,611	0.50	166.00	13.31
HTC (60%)	12	4	2.5	1,429	1,062	$896	10,752	0.63	166.00	13.31
MR	4	4	2.5	1,429	950	$950	3,800	0.66	166.00	13.31
HTC (50%)	17	4	2	1,445	885	719	12,223	0.50	166.00	13.31
HTC (60%)	5	4	2	1,445	1,062	896	4,480	0.62	166.00	13.31
MR	1	4	2	1,445	950	$950	950	0.66	166.00	13.31
TOTAL:	112		AVERAGE:	1,432	$902	$744	$83,276	$0.52	$166.00	$13.31

INCOME	Total Net Rentable Sq Ft: 160,416			TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$999,312	$999,312		IREM Region	Houston
Secondary Income	Per Unit Per Month:	$10.00		13,440	13,440	$10.00	Per Unit Per Month	
Other Support Income: (describe)				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,012,752	$1,012,752			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(75,956)	(75,960)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$936,796	$936,792			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.46%	$373	0.26	$41,778	$25,188	$0.16	$225	2.69%
Management		5.00%	418	0.29	46,840	46,392	0.29	414	4.95%
Payroll & Payroll Tax		11.69%	978	0.68	109,487	125,568	0.78	1,121	13.40%
Repairs & Maintenance		6.74%	564	0.39	63,183	69,252	0.43	618	7.39%
Utilities		3.87%	324	0.23	36,288	39,948	0.25	357	4.26%
Water, Sewer, & Trash		3.16%	264	0.18	29,581	3,600	0.02	32	0.38%
Property Insurance		4.55%	381	0.27	42,624	32,472	0.20	290	3.47%
Property Tax	2.55427	10.69%	894	0.62	100,127	148,440	0.93	1,325	15.85%
Reserve for Replacements		2.39%	200	0.14	22,400	22,400	0.14	200	2.39%
Other: compl fees		2.79%	234	0.16	26,152	24,348	0.15	217	2.60%
TOTAL EXPENSES		55.34%	$4,629	$3.23	$518,461	$537,608	$3.35	$4,800	57.39%
NET OPERATING INC		44.66%	$3,735	$2.61	$418,335	$399,184	$2.49	$3,564	42.61%
DEBT SERVICE									
iCap Realty Advisors of Texas		36.66%	$3,066	$2.14	$343,402	$343,402	$2.14	$3,066	36.66%
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		8.00%	$669	$0.47	$74,933	$55,782	$0.35	$498	5.95%
AGGREGATE DEBT COVERAGE RATIO					1.22	1.16			
RECOMMENDED DEBT COVERAGE RATIO						1.16			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.47%	$9,068	$6.33	$1,015,576	$1,015,576	$6.33	$9,068	6.47%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.28%	7,400	5.17	828,800	828,800	5.17	7,400	5.28%
Direct Construction		54.86%	76,859	53.66	8,608,174	8,600,000	53.61	76,786	54.82%
Contingency	4.24%	2.55%	3,571	2.49	400,000	400,000	2.49	3,571	2.55%
General Req'ts	5.99%	3.61%	5,051	3.53	565,725	565,725	3.53	5,051	3.61%
Contractor's G & A	2.00%	1.20%	1,684	1.18	188,575	188,575	1.18	1,684	1.20%
Contractor's Profit	5.99%	3.61%	5,051	3.53	565,725	565,725	3.53	5,051	3.61%
Indirect Construction		2.84%	3,976	2.78	445,300	445,300	2.78	3,976	2.84%
Ineligible Costs		2.52%	3,527	2.46	395,000	395,000	2.46	3,527	2.52%
Developer's G & A	2.00%	1.55%	2,171	1.52	243,126	0	0.00	0	0.00%
Developer's Profit	13.00%	10.07%	14,110	9.85	1,580,319	1,827,900	11.39	16,321	11.65%
Interim Financing		3.53%	4,946	3.45	554,000	554,000	3.45	4,946	3.53%
Reserves		1.91%	2,679	1.87	300,000	300,000	1.87	2,679	1.91%
TOTAL COST		100.00%	$140,092	$97.81	$15,690,320	$15,686,601	$97.79	$140,059	100.00%
Construction Cost Recap		*71.11%*	*$99,616*	*$69.55*	*$11,156,999*	*$11,148,825*	*$69.50*	*$99,543*	*71.07%*

2006 QAP §50.9(i)(8) points awarded for costs less than $70.00 per square foot

SOURCES OF FUNDS	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
iCap Realty Advisors of Texas	24.86%	$34,821	$24.31	$3,900,000	$3,900,000	$3,900,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$1,822,219
HTC Syndication Proceeds	69.53%	$97,403	$68.00	10,909,080	10,909,080	10,909,080	% of Dev. Fee Deferred
Deferred Developer Fees	5.59%	$7,835	$5.47	877,521	877,521	877,521	48%
Additional (Excess) Funds Req'd	0.02%	$33	$0.02	3,719	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,690,320	$15,686,601	$15,686,601	$1,537,991

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Parkway Ranch, Houston, 9% HTC #060027

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Single Family Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$61.70	$9,896,934
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.14)	(182,874)
Floor Cover			2.92	468,415
Porches/Balconies	$18.11	15,831	1.79	286,699
Plumbing	$940	178	1.04	167,320
Built-In Appliances	$2,375	112	1.66	266,000
Stairs/Fireplaces			0.00	0
Enclosed Corridors	$51.78		0.00	0
Heating/Cooling			1.62	259,874
Garages	$20.03	10,758	1.34	215,483
Comm &/or Aux Bldgs	$70.97	1,996	0.88	141,646
Other:			0.00	0
SUBTOTAL			71.81	11,519,496
Current Cost Multiplier	1.03		2.15	345,585
Local Multiplier	0.89		(7.90)	(1,267,145)
TOTAL DIRECT CONSTRUCTION COSTS			$66.07	$10,597,937
Plans, specs, survy, bld prm	3.90%		($2.58)	($413,320)
Interim Construction Interest	3.38%		(2.23)	(357,680)
Contractor's OH & Profit	11.50%		(7.60)	(1,218,763)
NET DIRECT CONSTRUCTION COSTS			$53.66	$8,608,174

PAYMENT COMPUTATION

Primary	$3,900,000	Amort	360
Int Rate	8.00%	DCR	1.22

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.22

Additional	$10,909,080	Amort	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO

Primary Debt Service	$343,402
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$55,782

Primary	$3,900,000	Amort	360
Int Rate	8.00%	DCR	1.16

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$10,909,080	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$999,312	$1,029,291	$1,060,170	$1,091,975	$1,124,734	$1,303,875	$1,511,549	$1,752,300	$2,354,944
Secondary Income	13,440	13,843	14,258	14,686	15,127	17,536	20,329	23,567	31,672
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,012,752	1,043,135	1,074,429	1,106,661	1,139,861	1,321,412	1,531,878	1,775,867	2,386,616
Vacancy & Collection Loss	(75,960)	(78,235)	(80,582)	(83,000)	(85,490)	(99,106)	(114,891)	(133,190)	(178,996)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$936,792	$964,899	$993,846	$1,023,662	$1,054,372	$1,222,306	$1,416,987	$1,642,677	$2,207,620
EXPENSES at 4.00%									
General & Administrative	$25,188	$26,196	$27,243	$28,333	$29,466	$35,850	$43,617	$53,067	$78,553
Management	46,392	47783.9436	49217.46194	50693.9858	52214.80537	60531.27016	70172.33218	81348.96543	109326.2071
Payroll & Payroll Tax	125,568	130,591	135,814	141,247	146,897	178,722	217,443	264,553	391,603
Repairs & Maintenance	69,252	72,022	74,903	77,899	81,015	98,567	119,922	145,904	215,973
Utilities	39,948	41,546	43,208	44,936	46,734	56,858	69,177	84,164	124,584
Water, Sewer & Trash	3,600	3,744	3,894	4,050	4,211	5,124	6,234	7,585	11,227
Insurance	32,472	33,771	35,122	36,527	37,988	46,218	56,231	68,414	101,269
Property Tax	148,440	154,378	160,553	166,975	173,654	211,276	257,050	312,741	462,933
Reserve for Replacements	22,400	23,296	24,228	25,197	26,205	31,882	38,790	47,193	69,858
Other	24,348	25,322	26,335	27,388	28,484	34,655	42,163	51,298	75,933
TOTAL EXPENSES	$537,608	$558,649	$580,517	$603,245	$626,868	$759,685	$920,800	$1,116,267	$1,641,258
NET OPERATING INCOME	$399,184	$406,251	$413,330	$420,417	$427,504	$462,621	$496,188	$526,410	$566,362
DEBT SERVICE									
First Lien Financing	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402	$343,402
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	$55,782	$62,849	$69,928	$77,015	$84,102	$119,219	$152,786	$183,008	$222,961
DEBT COVERAGE RATIO	1.16	1.18	1.20	1.22	1.24	1.35	1.44	1.53	1.65

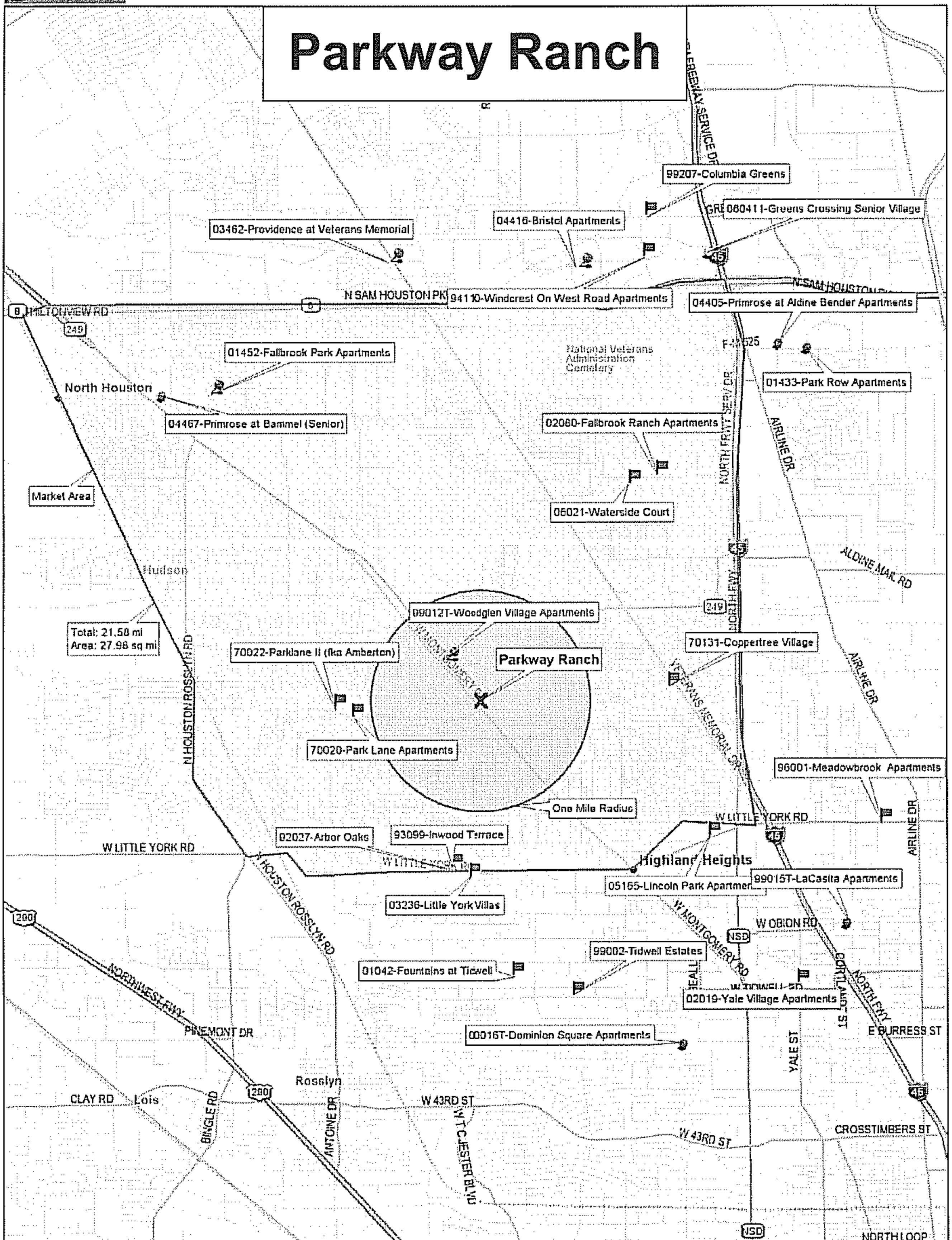
HTC ALLOCATION ANALYSIS - Parkway Ranch, Houston, 9% HTC #060027

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	$1,015,576	$1,015,576				
Purchase of buildings						
(2) Rehabilitation/New Construction Cost						
On-site work	$828,800	$828,800			$828,800	$828,800
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$8,600,000	$8,608,174			$8,600,000	$8,608,174
(4) Contractor Fees & General Requirements						
Contractor overhead	$188,575	$188,575			$188,575	$188,575
Contractor profit	$565,725	$565,725			$565,725	$565,725
General requirements	$565,725	$565,725			$565,725	$565,725
(5) Contingencies	$400,000	$400,000			$400,000	$400,000
(6) Eligible Indirect Fees	$445,300	$445,300			$445,300	$445,300
(7) Eligible Financing Fees	$554,000	$554,000			$554,000	$554,000
(8) All Ineligible Costs	$395,000	$395,000				
(9) Developer Fees					$1,822,219	
Developer overhead		$243,126				$243,126
Developer fee	$1,827,900	$1,580,319				$1,580,319
(10) Development Reserves	$300,000	$300,000				
TOTAL DEVELOPMENT COSTS	$15,686,601	$15,690,320			$13,970,344	$13,979,744

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS					$13,970,344	$13,979,744
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS					$18,161,447	$18,173,667
Applicable Fraction			96%	96%	96%	96%
TOTAL QUALIFIED BASIS					$17,350,668	$17,362,343
Applicable Percentage			3.56%	3.56%	8.17%	8.17%
TOTAL AMOUNT OF TAX CREDITS					$1,417,550	$1,418,503
Syndication Proceeds	**0.9091**				**$12,886,801**	**$12,895,472**
Total Tax Credits (Eligible Basis Method)					**$1,417,550**	**$1,418,503**
Syndication Proceeds					**$12,886,801**	**$12,895,472**
Requested Tax Credits					**$1,200,000**	
Syndication Proceeds					**$10,909,080**	
Gap of Syndication Proceeds Needed					**$11,786,601**	
Total Tax Credits (Gap Method)					**$1,296,527**	

DeLORME

Street Atlas USA® 2004 Plus



Scale 1 : 75,000

1" = 1.18 mi Data Zoom 11-4

060058
GreenFair Park

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

AUGUST 30, 2006

Action Items

Presentation, discussion and possible decision regarding the Applicant's appeal of underwriting for a 2006 HTC application.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

060058 Greenfair Park Apartments

On August 21, 2006 the Applicant submitted an appeal regarding the underwriting recommendation. The Applicant requests that the Underwriter's conclusion that the development is financially infeasible should be changed in favor of an alternative project structure that the Applicant has submitted and the Underwriter has reviewed. The revised structure contemplates shifting from a development that includes 100% public housing units to one that includes 32 of 120 units as public housing units restricted to households earning not more than 30% of the area median income. This change also requires the introduction of 34 units restricted to households earning not more than 40% of the area median income and 54 units restricted to households earning not more than 50% of the area median income whereas in the original application all units were to be restricted to the 30% level. This is a significant change in the transaction structure which is believed by staff to be beyond the ability of staff to accept as a deficiency clarification allowed under the QAP. Underwriting has reviewed the alternative structure and determined that it is feasible and a copy of this report is attached.

Recommendation

Staff recommends the Board deny the appeal.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 18, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060058

DEVELOPMENT NAME

Greenfair Park

APPLICANT

Name:	LHA Greenfair, LP	**Contact:**	Ron Race
Address:	8401 N. Mopac, Suite 4-270		
City	Austin	**State:**	TX **Zip:** 78759
Phone:	(512) 527-9335 **Fax:** (512) 527-9337	**Email:**	aubrea@hancefinancial.com

KEY PARTICIPANTS

Name:	LGFD-1, LLC (TBF)	**Title:**	0.01% Managing General Partner of Applicant
Name:	City of Lubbock Housing Initiatives, Inc.	**Title:**	100% Owner of MGP/Co-Developer
Name:	LH Development, LP (LHD)	**Title:**	Co-Developer
Name:	Landmark Housing Development, LLC	**Title**	0.01% Special Limited Partner of Applicant/GP of LHD
Name:	Kent R Hance	**Title:**	50% owner of SLP/Proposed Guarantor
Name:	Ron Hance	**Title:**	25% owner of SLP
Name:	Susan Sorrells	**Title:**	25% owner of SLP
Name:	Watermark Consulting, Inc (Aubrea Hance)	**Title:**	Consultant

PROPERTY LOCATION

Location:	2807 Weber Drive		
City:	Lubbock	**Zip:**	79404
County:	Lubbock	**Region:** 1	☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$971,779	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban,, Nonprofit

RECOMMENDATION

☒ NOT RECOMMENDED DUE TO THE FOLLOWING:

CONDITIONS

- The Development is not financially feasible based upon this analysis and the Department's standards for repayment of deferred developer fee in less than 15 years.
- The proposed structure for 100% Public Housing does not allow the units to service debt and the anticipated balloon value is estimated to be over $8M or 80% of the current total cost and is unlikely to be supported.

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE

ISSUES LISTED ABOVE OR ALLOW A REVISED UNIT MIX WHICH REDUCES THE NUMBER OF PHA UNITS AS PROPOSED BY THE APPLICANT AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

1. Approval of a housing tax credit allocation not to exceed $941,446[1] annually for ten years without the change in Public Housing units or $952,434 annually if the reduced number of Public Housing units is approved by the Board.
2. Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.
3. Receipt, review and acceptance of a letter from the equity provider certifying to the projected value of the property at the end of the 40-year permanent loan term.
4. Receipt, review and acceptance of a LIHTC opinion from a certified public accountant and an attorney, separately, indicating the proposed structure of the development meets the requirements of both HUD and the IRS with regards to combining public housing funds, structured with no payment of interest and principal until the termination of the affordability period, with housing tax credits for construction of a 100% public housing unit development.
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/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	120	**# Res Bldgs**	8	**# Non-Res Bldgs**	1	**Age:**	44 yrs
Vacant:	84	at	1/26/2006				
Net Rentable SF:	114,400	**Av Un SF:**	953	**Common Area SF:**	2,400	**Gross Bldg SF:**	116,800

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 60% masonry veneer, and 40% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be 80% carpet, and 20% resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave, a self-cleaning oven, a phone jack in each room, laundry connections, a ceiling fixture in each room, warm and cooled air, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 100 or more, the Applicant has elected to provide a community laundry room, a covered pavilion that includes barbecue grills and tables, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a library separate from the community room, and two children's playgrounds equipped for 5 to 12 year olds, two tot lots, or one of each.

Uncovered Parking: 248 spaces **Carports:** 0 spaces **Garages:** 0 spaces

[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject, located in Lubbock, is currently developed with 120 units that were constructed in 1962. Due to the condition of the existing structures, demolition is planned to make way for replacement housing. The proposed 13 units per acre development will be comprised of 8 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2	2	8	0	8
3	2	0	8	8
2	2	0	8	4
1	2	0	16	0

The Applicant proposes the construction of a 2,400 square foot combined community, office, laundry, and maintenance building.

Subsidies: The existing 120 units are considered public housing units. The proposed development will receive an operating subsidy provided through the Housing Authority of the City of Lubbock. The annual subsidy is estimated at $252,000 or approximately $2,100 per unit and will continue to be provided indefinitely as long as the development continues to develop, operate and maintain the project in accordance with all applicable public housing requirements.

Development Plan: The buildings are currently 28% occupied and will be demolished. The property condition assessment prepared by Wareing and Associates, Inc and dated March 8, 2006 indicates:

"Based on the information obtained as previously outlined in this report, the Subject Property structures and improvements are near or have exceeded their useful life. At this point, in WAI's opinion the Subject property should be either completely renovated/retrofitted or demolished and rebuilt. The buildings at the Subject Property are presumed to contain both friable and non-friable asbestos containing materials. Drainage to these materials has occurred throughout the complex. Regardless of which option is selected, removal of asbestos containing materials from the complex should be performed prior to any other renovations activities as is required by Federal and State regulation. Therefore, the cost associated with this activity does not affect the financial implications of the decision process.

Another factor is whether the buildings are capable of even being renovated effectively due to their construction. As previously outlined, the plumbing and electrical systems are considered either at the end of their useful life and/or do not meet current standards. In order to replace/retrofit these systems, the concrete block walls must be partially removed. Since these walls provide the structural support for the buildings, damage to the concrete block during removal may result in a reduction of the structural integrity of the structures. This is of particular concern on the first floor since these walls support the second floor and roof. A structural evaluation was not part of the scope of this report and the specific amount and location of concrete block removal was not evaluated.

With respect to the electrical system, some of the units have been upgraded by use of rigid metal conduit attached to the walls and ceilings. While this solution bas been functional in these units, this is not an acceptable solution for the entire complex. Even with the wiring in rigid metal conduit, the conduits will be exposed to tenants and subject to physical damage from tenant activities. This poses a significant health and safety risk to occupants as well as a liability to the Subject Property management.

Renewal and/or resurgence of the neighborhood in which the Subject Property is located has begun. This is evident by construction and new single-family residences to the northeast of the Subject Property and the recent construction of new apartments on the adjoining property to the northwest. From a market standpoint, should the apartment units be retrofitted; due to their age, construction and size of units, and the lack of amenities on the Subject Property, the apartment complex would still not be considered consistent with the emerging standard for the neighborhood.

From an operational cost standpoint, the apartment units are considered sub-standard, even if retrofitted. As previously discussed, due to the construction of the buildings, they are considered very energy inefficient. For a comparison, based on information provided by the Client, the R-value of the adjoining new apartment complex buildings was determined. According to the information, the R-value of the wall systems is on the order of 14 and the: R-value of the roof system is in excess of 25. This compares to approximately 7 and 1, respectively for the Subject Property buildings. Consequently, the energy cost associated with heat and cooling is on the order of 2 to over 3 times that of new construction.

Finally, from a cost standpoint, based on the results of the inspection, the cost to completely renovate the Subject Property buildings and site improvements is estimated to be on the order of $80.00 to $110.00 per square foot of floor area. Based on information obtained, the actual cost to build the adjoining apartment facility to the northwest was approximately 932.00 per square foot of floor area. Demolition of the Subject Property structures is estimated to be approximately $3.00 per square foot. This means that the Subject Property complex could be totally redeveloped for approximately $85.00 per square foot.

In conclusion, based on all of the information collected, it is WAI's opinion that the best option for the Subject Property is to demolish the current structures and redevelop the site with new multi-family apartments" (p.12).

Relocation Plan: According to the Applicant, "The relocation plan involves the clearance of units. Relocation housing will be decent, safe and sanitary with rents no higher than those permitted by the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)...There are currently 34 residents living in the development comprising families. The proposed plan is to completely vacate the units that are scheduled for Demolition/Disposition. The residents in the affected units/buildings will be relocated to [vacant units in other developments or issued section 8 certificates or vouchers]. Our current plan is to utilize funds from the tax credit application budget of the Greenfair Park Apartments which will allocate $25,000 for relocation assistance at the subject development. The basic moving cost for this development is estimated at $750 per unit for a total of $25,500. This sum includes the following components: utility relocation costs; the cost of administering this relocation plan and providing assistance, counseling and education throughout the course of this development; and physical move of the residents' belongings."

SITE ISSUES

SITE DESCRIPTION

Total Size:	9.26 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	R-3	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at 2807 Weber Drive, Lubbock, Lubbock County. Lubbock is approximately 327 miles northwest of downtown Dallas and 343 miles northeast of El Paso in Lubbock County.

Adjacent Land Uses:

- **North:** Parkview Meadows Villas Apartments immediately adjacent and residential uses beyond;
- **South:** Weber Drive immediately adjacent and Lusk Park, industrial uses, and vacant land beyond;
- **East:** MLK immediately adjacent and residential uses beyond; and
- **West:** Vacant land immediately adjacent and industrial uses beyond.

Site Access: According to the submitted Market Study, "The Apartment site is located within the major thoroughfares of Loop 289 to the north, U.S. Highway 82 or Pal-hay Drive to the south, Loop 289 to the east, and Interstate 27 to the west. Martin Luther King, Jr. Boulevard, Avenue A, Loop 289, and Interstate 27 serve the immediate area as the major north-south traffic corridors, while Parkway Drive, Idalou Road, Municipal Drive, and Loop 289 serve the immediate area as the major east-west traffic corridors. Loop 289, which encircles the City of Lubbock, is located approximately 1.5 miles east of the apartment site. Interstate 27, which is located approximately 1.3 miles west of the apartment site, provides direct access to Amarillo, 119 miles to the north."

Public Transportation: Public transportation to the area is provided by CitiBus and the nearest linkage is adjacent to the subject site.

Shopping & Services: The site is within short driving distance from major grocery/pharmacies, shopping centers, financial institutions, multi-purpose stores and a variety of other retail establishments, restaurants and recreation. Schools and major medical facilities in the immediate market area are less then 10-15 minutes away from the site.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 04/27/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 8, 2006 was prepared by Wareing & Associated, Inc. and contained the following findings and recommendations:

Findings:

- **Noise:** Per a letter dated June 21, 2006 from Wareing & Associates, "The subject property is currently a multi-family apartment complex developed in the early 1960s. It is located in a mixed use area consisting of residential properties to the north and east and industrial property to the west and south. The industrial property consists primarily of a railroad terminal which has been present since long before the subject property was developed. As stated, the subject property will be re-developed with multi-family apartment complex similar to the current development. Use of the subject property will not change. Therefore, the noise impact to the subject property is considered to be the same as the existing development. If anything, due to improvements in construction techniques and details for new structures (i.e. use of double pane windows, we would anticipate the noise levels inside the new structures will be lower than those in the existing structures."
- **Floodplain:** "According to the Federal Emergency Management Agency, Flood Insurance Rate Map for *City of Lubbock, Texas, Lubbock County,* Panel 30 of 55, dated September 2, 1982, the Subject Property is beyond the limits of the 100-year and 500-year flood hazard zone" (p.9).
- **Asbestos-Containing Materials (ACM):** Per a letter dated June 21, 2006 from Wareing & Associates, "According to information obtained during the previous Phase-I ESA, asbestos testing was performed prior to demolition of similar structures located on the property north of the Subject Property. These structures were built at the same time as the existing Subject Property structures as part of a single development. It has been assumed that similar types of asbestos containing materials are present in the existing structures at the Subject Property. This material is required to be removed prior to demolition of the current structures. It is our understanding that this is a known issue and will be addressed in accordance with applicable regulation prior to the demolition process. Should any additional inspection and testing be necessary, this will be performed at that time."
- **Lead-Based Paint (LBP):** Per a letter dated June 21, 2006 from Wareing & Associates, "The issue of lead-based paint is similar to the asbestos materials issue. Since the current structures will be completely demolished, any lead-based paint present will be removed as part of the demolition process. Based on information obtained during the Phase-I ESA, the local housing authority has previously inspected the current structures for lead-based paint and can provide this information to contractors as necessary for the demolition process."
- **Lead in Drinking Water:** Per a letter dated June 21, 2006 from Wareing & Associates, "Testing for lead in the drinking water is not deemed necessary. The Subject Property is served by the City of Lubbock municipal water supply. Municipal water utilities are required to monitor their water supply for lead and have been for many years. In addition, the water utilities are required to comply with State drinking water standards. The only other potential source of lead in the drinking water is the plumbing system in the structures. As previously stated, all of these structures will be completely demolished, including removal of the plumbing system. The new structures will have a completely new plumbing system and therefore, lead in the drinking water is not considered to be a concern."
- **Radon:** Per a letter dated June 21, 2006 from Wareing & Associates, "According to U.S. EPA information, Lubbock County is a Zone 2 Radon Area, which has a moderate risk for indoor radon levels between 2 and 4 pCi/L. The EPA estimates the average indoor radon levels to be 1.3 pCi/L and recommends actions to be

taken to reduce radon levels should they exceed 4pCi/L and recommends actions be taken to reduce radon levels should they exceed 4 pCi/L. Radon is heavier than air and therefore, collects in the lowest portions of structures. Structures with basements are much more susceptible to accumulations of radon. None of the existing structures or the proposed new structures will have basements and consists of slab-on-grade constructions. In March of 2006, WAI performed radon testing in two recently completed apartment complexes in eastern New Mexico, also a Zone 2 Radon Area. The structures tested were of similar construction to those proposed to be constructed on the Subject Property. The results found the average indoor radon concentration to be from 1.0 to 1.2pCi/L, which is consistent with the EPA average. Based on all the information reviewed by WAI the risk of elevated radon levels at the Subject Property is considered to be low. For this reason, we do not believe testing for radon is warranted provided the proposed buildings are constructed as proposed."

Recommendations and Conclusions:

- "**Historical & Current Property Utilization:** Based on the historical information obtained and reviewed for this Assessment, historic and current utilization of the Subject Property appears to have been limited to the current multi-family apartment complex which was developed in the mid 1960s. Prior to this, the Subject Property remained a vacant tract of land. No environmentally significant and or recognized environmental conditions were identified on the Subject Property related to historic and/or current use. Adjoining property utilization appears to have been limited to the existing residential use to the northeast, north and northwest; and industrial use to the south and southwest. Adjoining property to the southwest has been utilized as a railroad terminal/yard for sometime prior to 1940. The adjoining property to the south has been utilized and/or occupied by a scrap metal recycling facility since the 1970s. Prior to this, this property was a vacant tract of land. No evidence was obtained which indicates that activities on the adjoining properties to the south and southwest have resulted in environmentally significant and/or recognized environmental concerns on the Subject Property.
- **Regulatory Records:** No environmentally significant concerns or conditions were identified on the Subject Property through the review of Federal, State, tribal, and local agency records performed for this Assessment. Various regulated facilities were identified in the vicinity of the Subject Property within the various database search radii. One upgradient adjoining facility was identified on the PST database. This facility corresponds to the scrap metal recycling facility to the south/southwest. Five LPST facilities and one MSW facility were identified in the vicinity of the Subject Property. Three of the LPST facilities are considered upgradient and the remainder considered sidegradient or downgradient of the Subject Property. The MSW facility is considered downgradient of the Subject Property. Based on the information obtained, the regulated facilities identified are not considered to pose a significant environmental threat or result in a recognized environmental condition to the Subject Property based on their current status and/or distance and direction from the Subject Property.
- **Site Inspection:** The Subject Property was observed to be improved with and utilized as a multi-family residential apartment complex. No environmentally significant and/or recognized environmental conditions were identified on the Subject Property during site inspections performed on March **71h** and **8th,** 2006. A small quantity of paint and paint related products were stored in a metal storage building. No evidence of disposal, significant spillage and/or leakage of these products was identified" (p.16).

Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One hundred and twenty of the units (100% of the total) will be reserved for low-income tenants earning 30% or less of AMI. Furthermore, all 120 units will be Public Housing Units.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
30% of AMI	$10,200	$11,650	$13,100	$14,550	$15,700	$16,900

MARKET HIGHLIGHTS

A market feasibility study dated March 15, 2006 was prepared by Mark C. Temple & Associates ("Market Analyst") and included the following findings:

Secondary Market Information: "Due to the proximity and accessibility to Interstate 27 and Loop 289, it is viewed a secondary market area for the subject property does exist. The Secondary Market Area includes the surrounding High Plains Area. However, demand calculations are based on the primary market area for the purposes of this analysis" (p. II-3).

Definition of Primary Market Area (PMA): "The primary or defined market area for the Greenfair Park Apartments is considered the immediate Metro Lubbock Area and is described by the following farthest boundaries: North - Loop 289, South - Loop 289, East - Loop 289, and West - Loop 289" (p. II-1). This area encompasses approximately 48.37 square miles and is equivalent to a circle with a radius of 4 miles.

Population: The estimated 2005 population of The PMA was 86,999 and is expected to increase by 1.2% to approximately 88,043 by 2010. Within the primary market area there were estimated to be 33,302 households in 2005.

Total Market Demand: The Market Analyst elected not to utilize a household size-appropriate adjustment rate. The Analyst's income band of $8,983 to $15,700 (p. 1) results in an income eligible adjustment rate of 22.6% (p. IX-3). The tenure appropriate adjustment rate of 46% is specific to the target population (p. 26). The Market Analyst indicates a turnover rate of 65.7% applies based on 2005 IREM data (p. VII-35).

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	19	0.8%	6	<1%
Resident Turnover	2,275	99.2%	1,601	>99%
TOTAL DEMAND	**2,293**	**100%**	**1,607**	**100%**

p. IX-4

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 8.7% based upon 2,293 units of demand and 200 unstabilized affordable housing in the PMA (including the subject) (p. IX-4). The Underwriter calculated an inclusive capture rate of 10% based upon a revised supply of 155 unstabilized comparable affordable units divided by a revised demand estimate for 1,607 affordable units.

Unit Mix Conclusion: The subject is comprised of 16 or 13% one bedrooms, which would accommodate households having one or two persons, 56 or 47% two bedroom units, which would accommodate households having, two, or three persons, and 48 or 40% three bedroom units, which would accommodate up to a five person household. The Market Analyst does not comment on the appropriateness of the proposed unit mix based on current demand and occupancy levels.

Market Rent Comparables: The Market Analyst surveyed 8 comparable apartment projects totaling 1,638 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (30%/PH)	$181	$181	$0	$549	-$368
2-Bedroom (30%/PH)	$210	$210	$0	$541	-$331
3-Bedroom (30%/PH)	$236	$236	$0	$655	-$419

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

Primary Market Occupancy Rates: "Occupancy levels for the market area are estimated to remain in the 91.6 percent range from 2006 through 2007" (p. X-I). There are 6 apartment projects totaling 636 housing units in the Lubbock Market Area that provide federal subsidies. Currently, all of the projects maintain a 100 percent occupancy level with waiting lists. The projects target the very low income residents (families and seniors) in the Lubbock Market Area" (p. XII-32-XII-33).

Absorption Projections: "Based upon current positive multi-family indicators and present absorption levels of 10 to 15 units per month, it is estimated that a 95+ percent occupancy level can be achieved in an 8 to 12 month time frame" (p. IX-5).

Unstabilized, Under Construction, and Planned Development: "In addition to the proposed apartment project, the sponsor has two new LIHTC apartment projects within the immediate market area. The Parkview Meadows Villas Apartments [TDHCA #03140] was approved for tax credits in 2003. Consisting of 112 one, two and three bedroom apartment units, the apartment project was completed in 2005. The apartment project achieved a rapid lease-up in less than a year and currently maintains 100 percent occupancy. Monthly rental absorption averaged 18 to 15 units" (p. VII-32). Because the subject units' rents will be restricted to be affordable to households at or below 30% of AMGI, only 18 of Parkview Meadows Villas' units are considered comparable in calculating the inclusive capture rate for the subject.

"The Stone Hollow Village Apartments [TDHCA #04057] is the second LIHTC apartment project developed by the sponsor. The apartment project consists of 144 one, two and three bedroom units. The apartment project is approximately 85 percent complete and has begun leasing activities in February of this year. Currently, 64 units are leased. Monthly absorption appears to be following similar trends experienced by the Park Meadows Villas Apartments" (p. VII-33). Because the subject units' rents will be restricted to be affordable to households at or below 30% of AMGI, only 17 of Stone Hollow's units are considered comparable in calculating the inclusive capture rate for the subject.

Hillcrest Manor Senior Community (TDHCA #060402) is also proposed as a new construction development utilizing 2006 tax credits and Mortgage Revenue Bond financing. However, Hillcrest Manor will exclusively target seniors, while the subject will target families. Therefore, Hillcrest Manor's units are not considered comparable and are not included in the calculation of the inclusive capture rate for the subject.

Market Impact: "The primary source for potential resident demand for the subject project will be derived from new household growth and turnover in existing older units. As demonstrated in Parts IV and V of the Market Study, positive employment, population, and household increases will continue to impact rental housing demand through the 2000. (IX -7)....The subject project will not affect the trends of other apartment projects in the surrounding Lubbock Market Area due to the subject project marketing towards the 30 percent income level resident" (p. XI-1).

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of July 2005, maintained by Lubbock Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electric costs.

The Applicant did not include secondary income from normal operation of the development. The Underwriter also does not include secondary income from normal operation. The Applicant has included an operating subsidy provided by the Housing Authority of the City of Lubbock, estimated at $252,000. According to a letter dated February 15, 2006 and signed by the interim director of the Housing Authority, "...the actual subsidy amount will be determined based on actual data; the operating subsidy will be provided indefinitely and in return for the receipt of such assistance the Owner has agreed to develop, operate and maintain the project in accordance with all public housing requirements..." Follow-up correspondence from the Applicant indicates all the subject units will be characterized as public housing. The Underwriter adjusted the subsidy amount to reflect the minimum value needed for the development to break-even (NOI = $0).

The Applicant's vacancy and collection loss are in line with current TDHCA underwriting guideline of 7.5%. However, the Underwriter does not include a vacancy and collection loss estimate based on the greater affordability of public housing units to the low-income population likely contributing to a higher occupancy level. The Applicant's effective gross income is not within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,060 per unit is within 5% of the Underwriter's estimate of $3,099, derived from the TDHCA database and third-party data sources. Line item expenses that deviate from the Underwriter's estimates include the Applicant's management estimate which represents 5.2% of EGI.

Furthermore, the Applicant, owned by Lubbock Housing Authority, a Texas Non-profit Corporation, submitted a letter dated February 23, 2006 from Lubbock Central Appraisal District indicating that the subject property had been granted exemption from property taxes.

Conclusion: The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimate; therefore the Underwriter's proforma is used to determine the development's debt capacity.

The Underwriter's analysis assumes the development will have no debt service based on the proposed restructure of financing. Therefore, a debt coverage ratio cannot be calculated.

Long-Term Feasibility: As stated above, the Applicant initially chose to structure the subject development as containing only public housing units, but with an annual debt service. However, the income from public housing units may not be used to pay debt service. Consequently, the debt used to finance the development cannot be amortized during the term in which the public housing units are in restriction. Furthermore, since the debt will accumulate interest for 40 years and accrue a value of over $8M based on the $900K "loan" from the Lubbock Housing Authority, a realistic determination that debt can be repaid at the end of the loan term cannot be made by the Underwriter.

In an effort to resolve this issue, the Applicant submitted a letter dated July 18, 2006, indicating their plans to obtain a 40-year Replacement Housing Factor loan from the Lubbock Housing Authority. The Applicant also indicates, "[the] Operating subsidy from HUD for the public housing units will not make any payments toward this note. However, the value of the property in Year 41 after the rent restrictions have expired will be an amount greater than the amount due on the note. The property may then be sold to pay the note. This is sufficient for the loan to qualify as "true debt" for the purposes of inclusion in eligible basis. This structure has been used in other mixed-finance projects across the country..." The RHF loan is discussed in more detail in the "Financing Structure Analysis" (below).

Once the debt is restructured the development will not be responsible for an annual debt service; instead, accrued interest and principal will be payable in full at the end of a 40-year term. The 30-year proforma utilizes a 3% annual growth factor for income excluding the public housing subsidy and a 4% annual growth factor for expenses excluding the management fee. The public housing subsidy was calculated to reflect the minimum amount necessary for the development to break-even. The management fee was calculated based on the initial year's management fee as a percentage of effective gross income.

As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized. A debt coverage ratio cannot be calculated and it is expected the development will operate at break-even. Due to the subsidy structure based on 100% of the units being characterized as public housing, the development can be characterized as feasible for the long term

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 9.26 acres	$21,949	**Assessment for the Year of:**	2006
Building:	$8,520,651	**Valuation by:**	Lubbock Central Appraisal District
Total Assessed Value:	$8,542,600	**Tax Rate:**	2.486363

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Intent to transfer deed (9.26 acres)

Owner: Housing Authority of City of Lubbock **Related to Development Team?** ☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The Applicant is not claiming any site acquisition costs As the current owner, the Housing Authority of the City of Lubbock, intends to transfer ownership to the Applicant at no cost.

Sitework Cost: The Applicant's claimed sitework costs of $5,964 per unit, exclusive of $750K in demolition costs, are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's direct construction cost estimate is $630K or 11% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Contingency: The Applicant's eligible contingency costs were adjusted down by $37,500 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments.

Fees: The Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by $104,945, and therefore, the eligible portion of the Applicant's developer fee must be reduced by the same amount. It should be noted, housing consultant fees are included in the submitted development cost schedule as an ineligible cost.

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 $8,560,157 and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $941,446. 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. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

FINANCING STRUCTURE

INTERIM TO PERMANENT FINANCING

Source: Chartermac Capital Company **Contact:** Justin Ginsberg

Interim: $4,000,000 **Interest Rate:** 7%, fixed, lender's estimate **Term:** 18 months*

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: *Term: project must reach rental achievement for at least 3 consecutive months but no more than 18 months

INTERIM TO PERMANENT FINANCING

Source: Lubbock Housing Authority **Contact:** Fulton Berry

Principal: $500,000 **Conditions:** Terms and conditions to be set forth in future agreement

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Derived from Capital Grant Funds to be used specifically for demolition of existing buildings

PERMANENT FINANCING

Source: Lubbock Housing Authority **Contact:** Quincy White

Permanent: $900,000 **Interest Rate:** 5.5%, fixed, lender's estimate **Amort:** 480 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: Rate index: The greater of 5.5% or AFR

TAX CREDIT SYNDICATION

Source: Chartermac Capital Company **Contact:** Amy Drukemiller

Proceeds: $9,231,000 **Net Syndication Rate:** 95% **Anticipated HTC:** $971,779/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Revised as of July 18, 2006

OTHER

Amount: $41,236 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The commitment letter signed by a representative of Chartermac Capital

Company is consistent with terms indicated in the Applicant's sources and uses.

Funding by Local Political Subdivision: Per a letter dated February 15, 2006 and signed by a representative of the Housing Authority of the City of Lubbock, the Applicant has assumed the development will receive Capital Grant Funds of $500,000 to be used specifically for the demolition of the existing buildings on the site. As grant funds these proceeds must be reduced from eligible basis and reduce the credit recommendation to avoid subsidy layering concerns.

In addition, the Applicant submitted a letter dated July 17, 2006 from the Housing Authority of the City of Lubbock stating a loan of up to $900,000 from the Housing Authority's Replacement Housing Factor Funds for a term of 40 years. The interest rate will be the greater of (a) 5.5% per annum or (b) the long-term applicable federal rate. All accrued interest and principal shall be paid from the borrower's cashflow with outstanding principal and interest due and payable in full on the maturity date. The Underwriter calculated the anticipated principal balance of maturity to be roughly $8M, which is 80% of the total current development cost. Moreover, if the $500K grant discussed above is converted to a similar balloon note to resolve the removal from eligible basis, this debt balance would be an additional $4.5M.

The Applicant believes "the fair market value of the Property on the maturity date will equal or exceed the outstanding interest and principal on the [loan] on the maturity date." According to a cover letter dated July 18, 2006 and signed by Aubrea Hance, Consultant to LHA Greenfair, LP, an analysis of the "backend value" was prepared by CharterMac Capital company, the proposed construction lender and equity provider. However, the spreadsheets provided are not labeled or signed. Moreover, the Underwriter believes the value of the property can not reasonably be believed to support this level of anticipated debt. Receipt, review and acceptance of a letter from the equity provider certifying to the projected value of the property at the end of the 40-year permanent loan term is a condition of this report.

An advice memorandum prepared by Michael H Reardon of Nixon Peabody LLP, Attorneys at Law, states, "HUD's mixed finance public housing program has been in use for over 10 years and there is now a great deal of experience in the financial community with the structuring issues presented by the mixed finance program, particularly with respect to the combining of public housing funds, including both HOPE VI funds and RHF [replacement housing factor] funds, and LIHTC. HUD issued regulations for the mixed finance program in 1996 and those regulations are located at 24 CFR part 941, subpart F...The basic structure involves the creation of a for-profit limited partnership which will own the development which generally include public housing units, which are also tax-credit units, non-public housing tax credit units, and sometimes market-rate units...on an all pubic housing project, the debt used to finance the development of the project cannot be amortized during the term of the public housing use restriction and the accruing interest on the debt makes it difficult for the tax attorneys to opine that it is a reasonable expectation that the debt can be repaid at the end of the loan term...over the years a number of PHA's have been able to structure all public housing and LIHTC transactions in such a manner as to overcome this problem. The way this has been done, generally, is to structure the RHF debt into two separate tranches. The developer and their financial consultants and tax accountants will determine how much of the RHF funds will be needed to be lent into the transaction at the AFR. This tranche will generally then be lent to the partnership by the PHA at the AFR. The remainder of the RHF funds that are needed to develop the project are then subgranted by the PHA to a nonprofit entity and the nonprofit entity then will lend the subgranted funds to the entity at a very low or zero interest rate...the terms [must be] very distinguishable. First, it must be clear that the nonprofit entity is not controlled by the PHA...All of these factors must be reviewed by the LIHTC accountants and the attorneys who will provide the LIHTC opinions." To staffs' knowledge, a structure like this with 100% Public Housing units has not previously been approved by the Department. Receipt, review and acceptance of a LIHTC opinion from a certified pubic accountant and an attorney, separately, indicating the proposed structure of the development meets the requirements of both HUD and the IRS with regards to combining public housing funds, structured with no payment of interest and principal until the termination of the affordability period, with housing tax credits for construction of a 100% public housing unit development is a condition of this report.

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

Deferred Developer's Fees: The Applicant's revised proposed deferred developer's fees of $41,236 amount to

3% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $900,000 and $500,000 in Capital Grant Funds indicates the need for $9,272,236 in gap funds. Based on the revised submitted syndication terms, a tax credit allocation of $976,120 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($976,120), and eligible basis-derived estimate ($941,446), at the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006, the eligible basis-derived estimate of $941,446 would be recommended. The Underwriter's recommended financing structure indicates the need for $329,371 in additional permanent funds. Deferred developer fee in any amount are not repayable from development cashflow and stabilized operation. Therefore, the development must be characterized as infeasible and cannot be recommended for funding.

The syndication rate proposed in the commitment is consistent with current credit prices. If the final syndication rate were to increase by any amount, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

Alternative Recommendation:

The Applicant submitted plans to restructure the current development to include 40% and 50% units, as of August 10, 2006. The submitted plans suggest the following unit mix: One hundred and twenty of the units (100% of the total) will be reserved for low-income tenants. Thirty-two of the units (27%) will be reserved for households earning 30% or less of AMI, 34 units (28%) will be reserved for households earning 40% or less of AMI, and 54 units (45%) will be reserved for households earning 50% or less of AMI. In addition, the units set-aside to be affordable at 30% of AMGI will also be characterized as public housing units.

Furthermore, proposed revisions for restructure include a decrease in the amount of requested tax credits, revised operating expenses, changes in the amount and terms of the permanent loan and syndication proceeds, the $500K in Capital Grant Funds structured as a loan, and an increase in the amount of developer fee. An Underwriting analysis based on the above-mentioned revisions result in the following alternative conclusions and recommendation:

The Applicant's total expenses and net operating expense are not within 5% of Underwriter's estimates; therefore, the Underwriter's proforma is used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.24, which is within the Department's DCR guideline of 1.10 to 1.30.

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the alternatively structured development can be characterized as feasible for the long-term.

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 $9,060,157 and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $996,436. 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. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

The Applicant's total development cost estimate less the permanent loan of $1,125,000 indicates the need for $9,047,236 in gap funds. Based on the revised submitted syndication terms, a tax credit allocation of $952,434 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($952,434), and eligible basis-derived estimate ($996,436), at the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006, the gap-driven amount of $952,434 would be recommended. Under this revised financing structure there is no need for deferred developer fee.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, Housing Consultant and property manager 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.
- The Developer, LH Development, LP, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $252K and consisting of $241K in cash, $11K in receivables. Liabilities totaled $0, resulting in a net worth of $252K.
- The principals of the General Partner, Susan Hance Sorrells, Ron Hance, and Kent Hance, submitted unaudited financial statements as of December 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 effective gross income is more than 5% outside of the Underwriter's verifiable range.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- Significant environmental/locational risks exist regarding asbestos and lead-based paint.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The ongoing Federal Subsidy required to make this transaction financially feasible is subject to future funding appropriations by Congress.
- 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:	*Diamond Thompson*	**Date:**	August 18, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	August 18, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 18, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Greenfair Park Apartments, Lubbock,9% HTC #060058

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%/PH	16	1	1	700	$273	$181	$2,901	$0.26	$91.70	$51.00
TC 30%/PH	56	2	1	900	327	$210	11,777	0.23	116.70	55.00
TC 30%/PH	48	3	2	1,100	378	$236	11,342	0.21	141.70	62.00
TOTAL:	120		AVERAGE:	953	$340	$217	$26,020	$0.23	$123.37	$57.27

INCOME	Total Net Rentable Sq Ft: 114,400			TDHCA	APPLICANT		Comptroller's Region	1
POTENTIAL GROSS RENT				$312,240	$311,808		IREM Region	
Secondary Income		Per Unit Per Month:	$0.00	0	0	$0.00	Per Unit Per Month	
Other Support Income: LHA Operating Subsidy				59,690	252,000	$175.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$371,930	$563,808			
Vacancy & Collection Loss		% of Potential Gross Income:	0.00%	0	(42,288)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0		-5.00%		
EFFECTIVE GROSS INCOME				$371,930	$521,520			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		10.20%	$316	0.33	$37,925	$41,000	$0.36	$342	7.86%
Management		8.09%	251	0.26	30,093	27,142	0.24	226	5.20%
Payroll & Payroll Tax		31.19%	967	1.01	116,016	114,600	1.00	955	21.97%
Repairs & Maintenance		14.78%	458	0.48	54,954	48,000	0.42	400	9.20%
Utilities		6.16%	191	3.00	22,906	26,000	0.23	217	4.99%
Water, Sewer, & Trash		7.71%	239	0.25	28,658	36,400	0.32	303	6.98%
Property Insurance		8.76%	271	0.28	32,580	27,000	0.24	225	5.18%
Property Tax	2.486363	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		9.68%	300	0.31	36,000	36,000	0.31	300	6.90%
Supp serv, compl fees		3.44%	107	0.11	12,800	11,000	0.10	92	2.11%
TOTAL EXPENSES		100.00%	$3,099	$3.25	$371,930	$367,142	$3.21	$3,060	70.40%
NET OPERATING INC		0.00%	$0	$0.00	$0	$154,378	$1.35	$1,286	29.60%
DEBT SERVICE									
First Lien Mortgage		0.00%	$0	$0.00	$0	$118,870	$1.04	$991	22.79%
Grant for Demolition		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		0.00%	$0	$0.00	$0	$35,508	$0.31	$296	6.81%
AGGREGATE DEBT COVERAGE RATIO					N/A	1.30			
RECOMMENDED DEBT COVERAGE RATIO					N/A				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (demolition)		6.74%	$6,250	$6.56	$750,000	$750,000	$6.56	$6,250	7.03%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.43%	5,964	6.26	715,640	715,640	6.26	5,964	6.71%
Direct Construction		53.06%	49,213	51.62	5,905,528	5,275,660	46.12	43,964	49.43%
Contingency	5.00%	2.97%	2,759	2.89	331,058	337,065	2.95	2,809	3.16%
General Req'ts	5.43%	3.23%	2,996	3.14	359,478	359,478	3.14	2,996	3.37%
Contractor's G & A	1.61%	1.08%	999	1.05	119,826	119,826	1.05	999	1.12%
Contractor's Profit	5.43%	3.23%	2,996	3.14	359,478	359,478	3.14	2,996	3.37%
Indirect Construction		4.64%	4,302	4.51	516,250	516,250	4.51	4,302	4.84%
Ineligible Costs		3.71%	3,439	3.61	412,622	412,622	3.61	3,439	3.87%
Developer's G & A	2.00%	1.53%	1,423	1.49	170,795	171,560	1.50	1,430	1.61%
Developer's Profit	13.00%	9.97%	9,251	9.70	1,110,169	1,115,145	9.75	9,293	10.45%
Interim Financing		2.09%	1,938	2.03	232,500	232,500	2.03	1,938	2.18%
Reserves		1.32%	1,221	1.28	146,519	307,012	2.68	2,558	2.88%
TOTAL COST		100.00%	$92,749	$97.29	$11,129,863	$10,672,236	$93.29	$88,935	100.00%
Construction Cost Recap		*70.00%*	*$64,925*	*$68.10*	*$7,791,009*	*$7,167,147*	*$62.65*	*$59,726*	*67.15%*

2006 QAP §50.9(i)(8) points awarded for costs less than $70.00 per square foot

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	8.09%	$7,500	$7.87	$900,000	$900,000	$900,000	Developer Fee Available
Grant for Demolition	4.49%	$4,167	$4.37	500,000	500,000	500,000	$1,181,760
HTC Syndication Proceeds	82.94%	$76,925	$80.69	9,231,000	9,231,000	8,942,865	% of Dev. Fee Deferred
Deferred Developer Fees	0.37%	$344	$0.36	41,236	41,236	329,371	3%
Additional (Excess) Funds Req'd	4.11%	$3,814	$4.00	457,627	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$11,129,863	$10,672,236	$10,672,236	$0

Greenfair Park Apartments, Lubbock,9% HTC #060058

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.10	$5,731,954
Adjustments				
Exterior Wall Finish	4.80%		$2.41	$275,134
9-Ft. Ceilings	3.60%		1.80	206,350
Roofing			0.00	0
Subfloor			(1.12)	(128,128)
Floor Cover			2.22	253,968
Breezeways/Balconies	$28.54	28,288	7.06	807,198
Plumbing	$680	144	0.86	97,920
Built-In Appliances	$1,675	120	1.76	201,000
Exterior Stairs	$1,650	28	0.40	46,200
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	197,912
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$69.10	2,400	1.45	165,834
Fire Sprinkler			1.95	223,080
SUBTOTAL			70.62	8,078,422
Current Cost Multiplier	1.03		2.12	242,353
Local Multiplier	0.87		(9.18)	(1,050,195)
TOTAL DIRECT CONSTRUCTION COSTS			$63.55	$7,270,580
Plans, specs, survy, bld prm	3.90%		($2.48)	($283,553)
Interim Construction Interes	3.38%		(2.14)	(245,382)
Contractor's OH & Profit	11.50%		(7.31)	(836,117)
NET DIRECT CONSTRUCTION COSTS			$51.62	$5,905,528

PAYMENT COMPUTATION

Primary	$900,000	Amort	
Int Rate	5.50%	DCR	

Secondary	$500,000	Amort	
Int Rate	0.00%	Subtotal DCR	

Additional		Amort	
Int Rate		Aggregate DCR	

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$0
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$0

Primary	$900,000	Amort	0
Int Rate	0.00%	DCR	

Secondary		Amort	0
Int Rate	0.00%	Subtotal DCR	

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$312,240	$321,607	$331,255	$341,193	$351,429	$407,402	$472,291	$547,515	$735,814
Secondary Income	0	0	0	0	0	0	0	0	0
Other Support Income: LHA Op	59,690	65,200	71,024	77,178	83,677	121,970	171,771	236,086	424,106
POTENTIAL GROSS INCOME	371,930	386,807	402,279	418,371	435,105	529,372	644,062	783,600	1,159,920
Vacancy & Collection Loss	0	0	0	0	0	0	0	0	0
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$371,930	$386,807	$402,279	$418,371	$435,105	$529,372	$644,062	$783,600	$1,159,920
EXPENSES at 4.00%									
General & Administrative	$37,925	$39,442	$41,019	$42,660	$44,366	$53,978	$65,673	$79,901	$118,274
Management	30,093	31,296	32,548	33,850	35,204	42,831	52,111	63,401	93,849
Payroll & Payroll Tax	116,016	120,657	125,483	130,502	135,722	165,127	200,902	244,428	361,813
Repairs & Maintenance	54,954	57,152	59,438	61,816	64,288	78,217	95,162	115,780	171,382
Utilities	22,906	23,822	24,775	25,766	26,796	32,602	39,665	48,258	71,434
Water, Sewer & Trash	28,658	29,804	30,996	32,236	33,525	40,789	49,626	60,377	89,373
Insurance	32,580	33,883	35,238	36,648	38,114	46,371	56,417	68,640	101,604
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	12,800	13,312	13,844	14,398	14,974	18,218	22,165	26,968	39,919
TOTAL EXPENSES	$371,930	$386,807	$402,279	$418,371	$435,105	$529,372	$644,062	$783,600	$1,159,920
NET OPERATING INCOME	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT SERVICE									
First Lien Financing	$0	$0	$0	$0	$0	$0	$0	$0	$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT COVERAGE RATIO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MULTIFAMILY COMPARATIVE ANALYSIS

Greenfair Park Apartments, Lubbock,9% HTC #060058 (Alternative Structure)

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%/PH	6	1	1	700	$273	$181	$1,086	$0.26	$91.70	$51.00
TC 40%	4	1	1	700	350	$258	1,033	0.37	$91.70	$51.00
TC 50%	6	1	1	700	438	$346	2,078	0.49	$91.70	$51.00
TC 30%/PH	14	2	1	900	327	$210	2,940	0.23	116.70	55.00
TC 40%	14	2	1	900	420	$303	4,246	0.34	116.70	55.00
TC 50%	28	2	1	900	525	$408	11,432	0.45	116.70	55.00
TC 30%/PH	12	3	2	1,100	378	$236	2,832	0.21	141.70	62.00
TC 40%	16	3	2	1,100	485	$343	5,493	0.31	141.70	62.00
TC 50%	20	3	2	1,100	606	$464	9,266	0.42	141.70	62.00
TOTAL:	120		AVERAGE:	953	$460	$337	$40,426	$0.35	$123.37	$57.27

INCOME	Total Net Rentable Sq Ft: 114,400			TDHCA	APPLICANT	Comptroller's Region	1	
POTENTIAL GROSS RENT				$485,117	$438,600		IREM Region	
Secondary Income		Per Unit Per Month:	$10.00	14,400	14,400	$10.00	Per Unit Per Month	
Other Support Income: LHA Operating Subsidy				13,952	51,840	$36.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$513,469	$504,840			
Vacancy & Collection Loss		% of Potential Gross Income:	-5.50%	(28,241)	(32,820)	-6.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0		-5.00%		
EFFECTIVE GROSS INCOME				$485,228	$472,020			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		7.82%	$316	0.33	$37,925	$39,700	$0.35	$331	8.41%
Management		6.20%	251	0.26	30,093	23,126	0.20	193	4.90%
Payroll & Payroll Tax		23.91%	967	1.01	116,016	95,100	0.83	793	20.15%
Repairs & Maintenance		11.33%	458	0.48	54,954	47,800	0.42	398	10.13%
Utilities		4.72%	191	3.00	22,906	26,000	0.23	217	5.51%
Water, Sewer, & Trash		5.91%	239	0.25	28,658	41,400	0.36	345	8.77%
Property Insurance		6.71%	271	0.28	32,580	27,000	0.24	225	5.72%
Property Tax	2.486363	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		4.95%	200	0.21	24,000	24,000	0.21	200	5.08%
Supp serv, compl fees		2.84%	115	0.12	13,800	12,000	0.10	100	2.54%
TOTAL EXPENSES		74.38%	$3,008	$3.15	$360,930	$336,126	$2.94	$2,801	71.21%
NET OPERATING INC		25.62%	$1,036	$1.09	$124,298	$135,894	$1.19	$1,132	28.79%
DEBT SERVICE									
First Lien Mortgage		14.35%	$580	$0.61	$69,629	$110,719	$0.97	$923	23.46%
Grant for Demolition		6.38%	$258	$0.27	30,946	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		4.89%	$198	$0.21	$23,723	$25,175	$0.22	$210	5.33%
AGGREGATE DEBT COVERAGE RATIO					1.24	1.23			
RECOMMENDED DEBT COVERAGE RATIO					1.24				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (demolition)		6.75%	$6,250	$6.56	$750,000	$750,000	$6.56	$6,250	7.03%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.44%	5,964	6.26	715,640	715,640	6.26	5,964	6.71%
Direct Construction		52.62%	48,691	51.07	5,842,894	5,275,660	46.12	43,964	49.43%
Contingency	5.00%	2.95%	2,733	2.87	327,927	337,065	2.95	2,809	3.16%
General Req'ts	5.48%	3.24%	2,996	3.14	359,478	359,478	3.14	2,996	3.37%
Contractor's G & A	1.83%	1.08%	999	1.05	119,826	119,826	1.05	999	1.12%
Contractor's Profit	5.48%	3.24%	2,996	3.14	359,478	359,478	3.14	2,996	3.37%
Indirect Construction		4.65%	4,302	4.51	516,250	516,250	4.51	4,302	4.84%
Ineligible Costs		3.72%	3,439	3.61	412,622	412,622	3.61	3,439	3.87%
Developer's G & A	2.00%	1.53%	1,412	1.48	169,480	171,560	1.50	1,430	1.61%
Developer's Profit	13.00%	9.92%	9,180	9.63	1,101,619	1,115,145	9.75	9,293	10.45%
Interim Financing		2.09%	1,938	2.03	232,500	232,500	2.03	1,938	2.18%
Reserves		1.77%	1,640	1.72	196,806	307,012	2.68	2,558	2.88%
TOTAL COST		100.00%	$92,538	$97.07	$11,104,520	$10,672,236	$93.29	$88,935	100.00%
Construction Cost Recap		*69.57%*	*$64,377*	*$67.53*	*$7,725,243*	*$7,167,147*	*$62.65*	*$59,726*	*67.16%*

2006 QAP §50.9(I)(8) points awarded for costs less than ***$70.00*** ***per square foot***

SOURCES OF FUNDS

						RECOMMENDED	
First Lien Mortgage	10.13%	$9,375	$9.83	$1,125,000	$1,125,000	$1,125,000	Developer Fee Available
Grant for Demolition	4.50%	$4,167	$4.37	500,000	500,000	500,000	$1,181,760
HTC Syndication Proceeds	80.18%	$74,200	$77.83	8,904,000	8,904,000	9,047,236	% of Dev. Fee Deferred
Deferred Developer Fees	1.29%	$1,194	$1.25	143,236	143,236		12%
Additional (Excess) Funds Req'd	3.89%	$3,602	$3.78	432,284	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$11,104,520	$10,672,236	$10,672,236	$502,753

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Greenfair Park Apartments, Lubbock,9% HTC #060058 (Alternative Structure)

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.10	$5,731,954
Adjustments				
Exterior Wall Finish	4.80%		$2.41	$275,134
9-Ft. Ceilings	3.60%		1.80	206,350
Roofing			0.00	0
Subfloor			(1.12)	(128,128)
Floor Cover			2.22	253,968
Breezeways/Balconies	$28.54	28,288	7.06	807,198
Plumbing	$680	18	0.11	12,240
Built-In Appliances	$1,675	120	1.76	201,000
Exterior Stairs	$1,650	28	0.40	46,200
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	197,912
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$69.10	2,400	1.45	165,834
Fire Sprinkler			1.95	223,080
SUBTOTAL			69.87	7,992,742
Current Cost Multiplier	1.03		2.10	239,782
Local Multiplier	0.87		(9.08)	(1,039,056)
TOTAL DIRECT CONSTRUCTION COSTS			$62.88	$7,193,468
Plans, specs, survy, bld prm	3.90%		($2.45)	($280,545)
Interim Construction Interest	3.38%		(2.12)	(242,780)
Contractor's OH & Profit	11.50%		(7.23)	(827,249)
NET DIRECT CONSTRUCTION COSTS			$51.07	$5,842,894

PAYMENT COMPUTATION

Primary	$1,125,000	Amort	480
Int Rate	5.50%	DCR	1.79

Secondary	$500,000	Amort	480
Int Rate	5.50%	Subtotal DCR	1.24

Additional		Amort	
Int Rate		Aggregate DCR	1.24

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$69,629
Secondary Debt Service	30,946
Additional Debt Service	0
NET CASH FLOW	$23,723

Primary	$1,125,000	Amort	480
Int Rate	5.50%	DCR	2

Secondary	$500,000	Amort	480
Int Rate	5.50%	Subtotal DCR	1.24

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

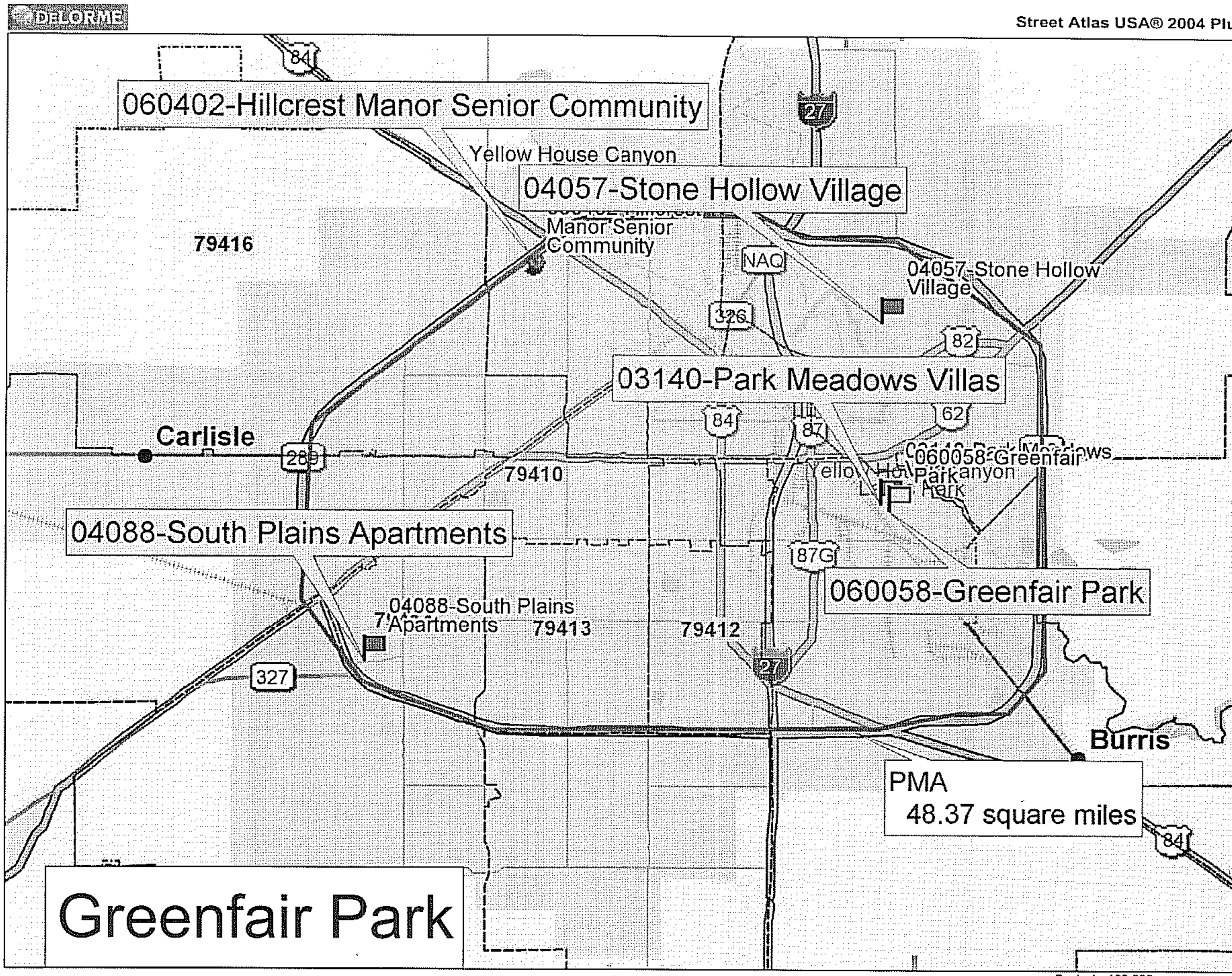
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$485,117	$499,670	$514,660	$530,100	$546,003	$632,967	$733,783	$850,655	$1,143,210
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: LHA Op	13,952	14,431	14,926	15,439	15,970	36,195	61,411	92,715	183,779
POTENTIAL GROSS INCOME	513,469	528,933	544,863	561,274	578,181	687,951	816,975	968,621	1,360,923
Vacancy & Collection Loss	(28,241)	(29,091)	(29,967)	(30,870)	(31,800)	(37,837)	(44,934)	(53,274)	(74,851)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$485,228	$499,842	$514,896	$530,404	$546,381	$650,114	$772,041	$915,347	$1,286,072
EXPENSES at 4.00%									
General & Administrative	$37,925	$39,442	$41,019	$42,660	$44,366	$53,976	$65,673	$79,901	$118,274
Management	30,093	30,999	31,933	32,894	33,885	40,319	47,880	56,768	79,759
Payroll & Payroll Tax	116,016	120,657	125,483	130,502	135,722	165,127	200,902	244,428	361,813
Repairs & Maintenance	54,954	57,152	59,438	61,816	64,288	78,217	95,162	115,780	171,382
Utilities	22,906	23,822	24,775	25,766	26,796	32,602	39,665	48,258	71,434
Water, Sewer & Trash	28,658	29,804	30,996	32,236	33,525	40,789	49,626	60,377	89,373
Insurance	32,580	33,883	35,238	36,648	38,114	46,371	56,417	68,640	101,604
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Other	13,800	14,352	14,926	15,523	16,144	19,642	23,897	29,075	43,037
TOTAL EXPENSES	$360,930	$375,070	$389,766	$405,041	$420,918	$511,203	$620,783	$753,792	$1,111,525
NET OPERATING INCOME	$124,298	$124,772	$125,130	$125,363	$125,463	$138,911	$151,258	$161,555	$174,547
DEBT SERVICE									
First Lien Financing	$69,629	$69,629	$69,629	$69,629	$69,629	$69,629	$69,629	$69,629	$69,629
Second Lien	30,946	30,946	30,946	30,946	30,946	30,946	30,946	30,946	30,946
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$23,723	$24,197	$24,555	$24,788	$24,887	$38,336	$50,683	$60,980	$73,972
DEBT COVERAGE RATIO	1.24	1.24	1.24	1.25	1.25	1.38	1.50	1.61	1.74

HTC ALLOCATION ANALYSIS - Greenfair Park Apartments, Lubbock,9% HTC #060058

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	$750,000	$750,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$715,640	$715,640	$715,640	$715,640
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$5,275,660	$5,905,528	$5,275,660	$5,905,528
(4) Contractor Fees & General Requirements				
Contractor overhead	$119,826	$119,826	$119,826	$119,826
Contractor profit	$359,478	$359,478	$359,478	$359,478
General requirements	$359,478	$359,478	$359,478	$359,478
(5) Contingencies	$337,065	$331,058	$299,565	$331,058
(6) Eligible Indirect Fees	$516,250	$516,250	$516,250	$516,250
(7) Eligible Financing Fees	$232,500	$232,500	$232,500	$232,500
(8) All Ineligible Costs	$412,622	$412,622		
(9) Developer Fees			$1,181,760	
Developer overhead	$171,560	$170,795		$170,795
Developer fee	$1,115,145	$1,110,169		$1,110,169
(10) Development Reserves	$307,012	$146,519		
TOTAL DEVELOPMENT COSTS	$10,672,236	$11,129,863	$9,060,157	$9,820,723

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis		$500,000	
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		$8,560,157	$9,820,723
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$11,128,204	$12,766,939
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$11,128,204	$12,766,939
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$941,446	$1,080,083
Syndication Proceeds	**0.9499**	**$8,942,865**	**$10,259,788**
Total Tax Credits (Eligible Basis Method w/ Grant)		**$941,446**	**$1,080,083**
Syndication Proceeds		**$8,942,865**	**$10,259,788**
Requested Tax Credits		**$971,779**	
Syndication Proceeds		**$9,231,000**	
Gap of Syndication Proceeds Needed		**$9,272,236**	
Total Tax Credits (Gap Method)		**$976,120**	
Alternative Recommendation:			
Gap of Syndication Proceeds Needed		**$9,047,236**	
Total Tax Credits (Gap Method)		**$952,434**	
Total Tax Credits (Eligible Basis Method w/o Grant)		**$996,436**	



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Data Zoom 10-0

Appeal

LOCKE LIDDELL & SAPP LLP
ATTORNEYS & COUNSELORS

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August 21, 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 West 11th Street
Austin, Texas 78701

Re: Greenfair Park in Lubbock, Texas (the "**Project**")
TDHCA No. 060058

Dear Mr. Gerber:

We represent the applicant for the above-referenced Project. Pursuant to an Underwriting Report dated August 18, 2006, TDHCA staff indicates that the Project, as contemplated in the initial application, is financially infeasible but that a proposed revision to the Project structure would allow the Project to be financially feasible in accordance with TDHCA rules.

By this letter, our client wishes to appeal the determination that the Project is financially infeasible and seek approval for a proposed restructure that would meet the financial feasibility requirements of the Department.

Background Information

Greenfair Park is a project of the Housing Authority of the City of Lubbock (the "**Housing Authority**"), with 120 public housing units. These units have fallen into disrepair and obsolescence to the point where only about 28% of the units are currently occupied. While HUD has temporarily continued to provide the Housing Authority with operating subsidy for the unoccupied units in Greenfair Park, that subsidy will be terminating next year. Consequently, the Housing Authority risks a significant financial diminution if Greenfair Park cannot be placed back into service.

HUD has encouraged the Housing Authority to demolish and rebuild Greenfair Park, and has made available Replacement Housing Factor ("**RHF**") funds for such purpose. Further, HUD has provided that, if the RHF funds can be leveraged with other programs, additional funding will be available for the Housing Authority.

With this incentive to leverage the RHF funds with other sources, the Housing Authority submitted its tax credit application for the construction of 120 new units, comprising the Project. Because the Housing Authority wanted to replace the public housing units as quickly as possible, it proposed that all 120 units in the Project be public housing units. Note that HUD does not require all of the demolished public housing units to be replaced in one transaction. The Housing Authority merely proposed doing so to serve its constituents as quickly as possible. In making this decision, the Housing Authority consulted with HUD and was advised that other transactions across the country had successfully combined tax credits with 100% public housing properties.

Since the Housing Authority planned to use all 120 units for public housing, it chose the lowest possible income level as a set-aside for its tax credit application. It indicated that all 120 units in the Project would serve residents at 30% AMI or lower. Note that the Housing Authority was not required to select this set-aside to meet TDHCA rules or even to achieve points under the QAP. It could have selected a different tenant income mix, up to 60%, and still have placed public housing tenants in those units.

During the underwriting process, the Housing Authority discovered that its proposal to have 120 public housing units in the Project would not work as planned. This is because operating subsidy received from HUD for public housing units cannot be utilized for debt service. If there were no debt on the Project, the eligible basis of the Project would be reduced, thus reducing the amount of tax credits to an insufficient value. Although HUD had advised the Housing Authority correctly that tax credits can be combined with 100% public housing units, the complex rules of the tax credit and public housing programs dictate that each transaction requires extensive structuring, and not every transaction combining tax credits with 100% public housing units can be structured successfully. This revelation prompted TDHCA staff to issue an underwriting deficiency notice, to which the applicant promptly responded.

In responding to the deficiency notice, the applicant consulted with nationally recognized tax credit counsel and accountants who have experience with other housing authorities that have leveraged tax credits with public housing units. Based upon this consultation, the applicant proposed two alternatives in its deficiency response: (1) the permanent debt could be included in eligible basis if the applicant could show that it could be repaid as a balloon, with the fair market value of the Project being greater than or equal to the outstanding loan balance at the time of maturity, or (2) the applicant could reduce the number of public housing units in the Project, thereby using income generated from the non-public housing units for permanent debt service.

Based on the Underwriting Report, it appears that TDHCA staff is not comfortable with the first proposal, because the staff believes the fair market value of the Project at the loan maturity would not be sufficient for a full repayment of the permanent debt. However, TDHCA staff indicates that a change in the number of public housing units does create a financially feasible structure.

Request

The applicant requests that the Department permit the Project to move forward with a tax credit commitment with the following revisions, generated through the underwriting deficiency process:

- Instead of 120 public housing units, the Project will have 32 public housing units.
- Instead of 120 of the units set-aside for tenants with incomes of 30% AMI, the Project will have 32 units at 30% AMI, 34 units at 40% AMI and 54 units at 50% AMI.

Points to Consider

- The proposed change does not affect the Project's scoring under the QAP.
- The proposed change will provide replacement public housing for the tenants currently residing in Greenfair Park.
- The Housing Authority is at risk of losing precious financial resources if it cannot leverage the RHF funds with tax credits for the reconstruction of Greenfair Park.

Conclusion

As described in the Underwriting Report, please approve a revised unit mix for the Project, which reduces the number of public housing units and allows the Project to be financially feasible under the Department's rules. Of course, if you need any additional information to do so, feel free to contact me.

If the Executive Director denies this appeal and request, the applicant requests to have it heard by the Board at the next available Board meeting. Thank you.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

cc: Brooke Boston

Robbye Meyer

Jennifer Joyce

Tom Gouris

Executive Director's Response

Not Available Prior to Seven Days Before the Board Meeting

060133
Canyon's Landing

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

AUGUST 30, 2006

Action Items

Presentation, discussion and possible decision regarding the Applicant's appeal of underwriting for a 2006 HTC application.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

060133 Canyon's Landing

On August 14, 2006 the Applicant submitted a letter appealing the underwriting report's recommended amount of housing tax credits. Staff maintains that the 2006 Real Estate Analysis Rules and Guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

The Applicant's letter correctly indicates the amount of requested tax credits based on the applicable percentage increase to 8.46% approved by the TDHCA Board on July 28, 2006. The updated requested amount of $368,928 based on total development costs of $3,858,500 was considered during the underwriting process. The Applicant's letter states "Our total development budget of $3,858,000 submitted in our application was not revised in the Underwriting Analysis Report." However, page 7 of the underwriting report posted to the TDHCA website on August 7, 2006 states "[the] adjusted basis and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $368,928. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation." In addition, page 10 of the underwriting report shows total development costs for the applicant to be $3,858,500.

The Applicant's letter indicates the "market feasibility supported our 60% rents to be marked down slightly to market from the HTC 2006 maximum rent limits for Atacosa County." However, the market study prepared by Novogradac & Company LLP submitted with the application states "the Subject's restricted rental rates will be below the achievable market rates for the PMA" (page 71). In addition, the market study states "...the Subject will likely not face any direct LIHTC competition for income qualified households" and "...the Subject will be in superior condition to most of the comparable market-rate properties in the PMA..." (pages 70 and 72). These statements from the market analyst support the use of the maximum 60% rents in the underwriting analysis.

Pursuant to REA Rules and Guidelines Section 1.32(d)(5)(A), "A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses." These projections were applied uniformly and consistently to all applications underwritten during the 2006 9% HTC application cycle.

The Applicant's letter states "Inflating our rents as well as our expenses to unrealistic levels resulted in our debt service coverage ratio being deemed too high during the latter period of the 30 year time frame. According to the Underwriting Report, this requires the use of the gap method reducing our level of tax credits allowed by our proposed development budget." The underwriting report recommends a credit amount based on the gap in funds by evaluating the initial year debt coverage ratio.

In summary, staff updated the requested tax credit amount to reflect the adjusted applicable percentage; staff relied on the submitted market study to estimate rental income; and staff applied uniform growth factors for income and expenses. Staff maintains that the 2006 Real Estate Analysis Rules and Guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Recommendation

Staff recommends the Board deny the appeal.

Appeal

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2006 Application Cycle
Underwriting Report Notice

Appeal Election Form: 060133 Canyon's Landing Date Notice Sent: 8/7/06

I am in receipt of my 2006 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site.
Given my appeal options I: (check all that apply)

☑ Do wish to appeal to the Executive Director and will submit my complete appeal within seven days or forfeit my right to appeal the Underwriting Criteria or recommended award amount.

☑ Do wish to have my appeal added to the August 30, 2006 Board of Directors' meeting agenda if my **initial** appeal to the Executive Director is denied or not responded to prior to August 21, 2006. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., August 21, 2006 to be placed on the August 30, 2006 Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

☐ Do not wish to appeal to the Board of Directors or Executive Director.

Signed [signature]

Title Vice President GP/Co-developer

Date 8/8/2006

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

LEGACY
RENEWAL
REAL ESTATE DEVELOPMENT

August 14, 2006

Ms. Pamela Cloyde
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Re: Underwriting Criteria Appeal for Canyon's Landing 060133

Dear Pam:

Canyon's Landing is a 36 unit family development located in Poteet, Texas. Our total development budget of $3,858,000 submitted in our application was not revised in the Underwriting Analysis Report. Using the applicable percentage of 8.46% as approved by the board on July 28, 2006 equates to our requested tax credits of $368,928 versus the $340,771 recommended by underwriting report. We respectively disagree with the conclusion of the report and are seeking the additional tax credits of $28,157 for the following reasons.

Our application listed, and our market feasibility supported our 60% rents to be marked down slightly to market from the HTC 2006 maximum rent limits for Atascosa County. The HTC 60% maximum gross rent limits are $504, $604 and $699 versus our first year projected rents for the 60% units of $490, $570 and $675 for the one, two and three bedroom units respectively.

Our rents were not questioned until we were told that all of our operating expenses were required to grow at 4%, including property taxes. We estimated property taxes using the income approach as demonstrated in the Part D Operating Expenses Form. When we were mandated to increase all expenses by 4%, including property taxes, the underwriting analysts told us that our project was not feasible because we did not have the required debt service coverage ratio for the entire 30 year period. I mentioned that consistently growing property taxes 4% even when net operating income is falling is unrealistic but the analyst stated that he had no choice but to follow the rules. Only then were we told to raise our 60% rents to the maximum which would then make our project feasible.

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Inflating our rents as well as our expenses to unrealistic levels resulted in our debt service coverage ratio being deemed too high during the latter period of the 30 year time frame. According to the Underwriting Report this requires the use of the gap method reducing our level of tax credits allowed by our proposed development budget. We were struck by the irony that our budget using realistic assumptions was declared infeasible but the department's methodology of inflating revenues and expenses that are based solely on mandated mathematical formulas requiring us to incur additional debt, reduce our tax credit amount and put the project in greater danger of default is considered feasible.

It should be noted that projects of this size in rural areas face risks that are far above larger projects and projects in urban areas. Contributing to this risk will be the fact that Canyon's Landing will have the highest rents in the city and the highest in the county except for one project. This is outlined on page 29 of the Feasibility Report dated March 31, 2006.

I hope this clarifies our position for the tax credit allocation of $368,928 as derived from our development budget using the applicable percentage of 8.46%. If you need any additional information or have any questions please call me at (210)684-0679.

Sincerely

G. M. Driggers

Gary M. Driggers

Executive Director's Response

August 18, 2006

Gary M. Driggers
School and Avenue C, Ltd.
8814 Rustling Breeze
San Antonio, TX 78254
Telephone: (210) 684-0679
Telecopier: (210) 521-7121

Re: Appeal Received for Canyon's Landing – #060133

Dear Mr. Driggers:

Appeal Review

I have reviewed the application you submitted, as well as your appeal that was received on August 14, 2006 regarding the underwriting recommendation of the above-referenced application.

Your letter correctly indicates the amount of requested tax credits based on the applicable percentage increase to 8.46% approved by the TDHCA Board on July 28, 2006. The updated requested amount of $368,928 based on total development costs of $3,858,500 was considered during the underwriting process. The letter states "Our total development budget of $3,858,000 submitted in our application was not revised in the Underwriting Analysis Report." However, page 7 of the Underwriting report posted to the TDHCA website on August 7, 2006 states "[the] adjusted basis and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $368,928. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation." In addition, page 10 of the Underwriting report shows total development costs for the applicant to be $3,858,500.

Your letter indicates the "market feasibility supported our 60% rents to be marked down slightly to market from the HTC 2006 maximum rent limits for Atacosa County." However, the market study prepared by Novogradac & Company LLP submitted with the application states "the Subject's restricted rental rates will be below the achievable market rates for the PMA" (page 71). In addition, the market study states "...the Subject will likely not face any direct LIHTC competition for income qualified households" and "...the Subject will be in superior condition to most of the comparable market-rate properties in the PMA..." (pages 70 and 72). These statements from the market analyst support the use of the maximum 60% rents in the underwriting analysis.

Pursuant to REA Rules and Guidelines Section 1.32(d)(5)(A), "A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses." These projections were applied uniformly and consistently to all applications underwritten during the 2006 9% HTC application cycle.

The letter states "Inflating our rents as well as our expenses to unrealistic levels resulted in our debt service coverage ratio being deemed too high during the latter period of the 30 year time frame. According to the Underwriting Report, this requires the use of the gap method reducing our level of tax credits allowed by our proposed development budget." The underwriting report recommends a credit amount based on the gap in funds by evaluating the initial year debt coverage ratio.

In summary, staff updated the requested tax credit amount to reflect the adjusted applicable percentage; staff relied on the submitted market study to estimate rental income; and staff applied uniform growth factors for income and expenses. The Department maintains that the 2006 Real Estate Analysis Rules and Guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

I have determined that the underwriting recommendation is firmly grounded in the Department's rules. Therefore, the appeal is denied.

Appeal Determination

The appeal is denied.

Pursuant to §50.17(b)(4) of the 2006 QAP, an appeal has been filed with the Board and will be considered by the Board at the August 30, 2006 Board meeting.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

Brooke Boston for

Michael Gerber
Executive Director

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060133

DEVELOPMENT NAME

Canyon's Landing

APPLICANT

Name:	School and Avenue C, Ltd	**Contact:**	Gary M. Driggers
Address:	8814 Rustling Breeze		
City	San Antonio	**State:**	Texas **Zip:** 78254
Phone:	(210) 684-0679 **Fax:** (210) 521-7121	**Email:**	gdriggers@satx.rr.com

KEY PARTICIPANTS

Name:	HVM Housing LLC	**Title:**	0.01% General Partner/Co-Developer
Name:	Legacy Renewal, Inc	**Title:**	Co-Developer
Name:	Dixie Farmer	**Title:**	51% Owner of General Partner
Name:	Dennis Hoover	**Title:**	24.5% Owner of General Partner
Name:	Danna Hoover	**Title:**	24.5% Owner of General Partner
Name:	Gary M. Driggers	**Title:**	President of Legacy Renewal, Inc

PROPERTY LOCATION

Location:	Northeast and Northwest Corner of Church Drive and Avenue C		
City:	Poteet	**Zip:**	78065
County:	Atascosa	**Region:**	9 ☒ **QCT** ☐ **DDA**

REQUEST

Program	**Amount**	**Interest Rate**	**Amortization**	**Term**
HTC	$355,409	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $340,771[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a letter, signed by the ESA provider, with reference to the need for a noise study, asbestos testing/abatement, lead-based paint testing/abatement, and testing of the drinking water for lead.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-

[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Although an application (TDHCA #05155) was submitted in the 2005 9% HTC round an underwriting report was not completed. The application score was not competitive.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 36 **# Res Bldgs** 9 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 35,442 **Av Un SF:** 985 **Common Area SF:** 1000 **Gross Bldg SF:** 36,442

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 95% Masonry Veneer and 5% Stucco. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 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, a self-cleaning oven, laundry connections, and a ceiling fixture in each room, individual water heater, and eight-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 25 or more, the Applicant has elected to provide barbecue grills and picnic tables- at least one for every 50 units, a community laundry room, and a furnished community room.

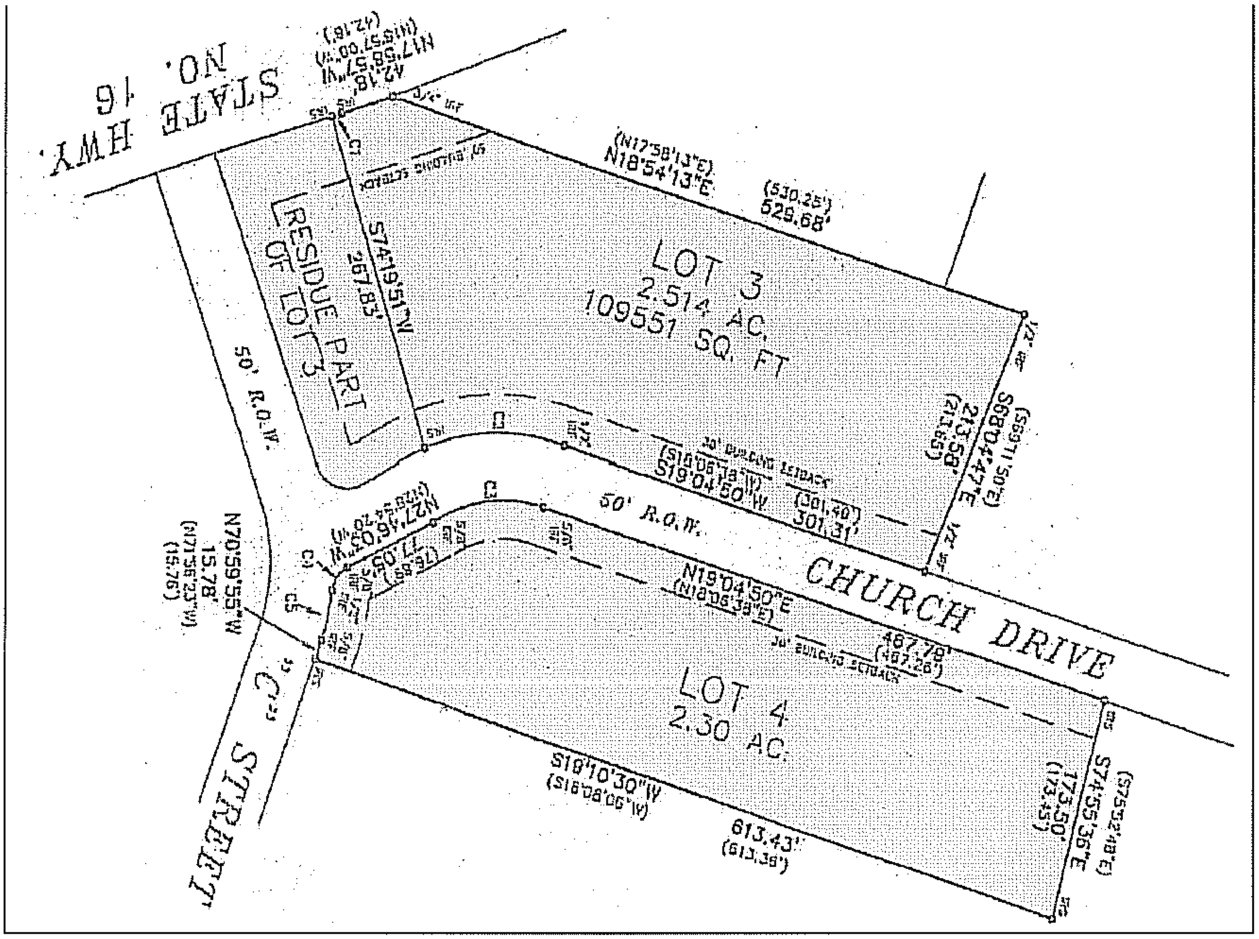
Uncovered Parking: 64 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Canyon's Landing is a 7.5 unit per acre new construction development located in Northwest Poteet. The development is comprised of 9 evenly distributed fourplex residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2	1	4		
3	1			4
4	1		4	

The development includes a 1,000-square foot community building. The site is divided by Church Drive.



SITE ISSUES			
SITE DESCRIPTION			
Total Size:	4.82 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	Multi-family	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is made of two rectangular shaped lots bisected by Church Drive and located on the West side of Poteet. The site is located on Church Drive near the intersection with Avenue C.

Adjacent Land Uses:

- **North:** Private Residences and a small Church immediately adjacent and additional residences beyond;
- **South:** vacant land immediately adjacent and a gas station beyond;
- **East:** vacant land immediately adjacent and beyond; and
- **West:** vacant land immediately adjacent and retail business and State Highway 16 beyond.

Site Access: Access to the site is via Church Drive and Avenue C. Approximately one-tenth of a mile east of the Subject is SR-16 and approximately five miles west is US Highway 281. According to the developer, the Subject site has also received a driveway permit from TxDot. Access and traffic flow to the Subject property are considered good.

Public Transportation: No public transportation services are currently offered in this community due to the rural nature of this area.

Shopping & Services: Pico Shamrock convenience store, Family Dollar, Super S Grocery Store, Crawford Pharmacy, City Park.

TDHCA SITE INSPECTION

Inspector: Office of Rural Community Affairs Staff **Date:** 04/24/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 7, 2005 was prepared by EFI Global and contained the following findings and recommendations: (ESA can be older than 12/9/04. If older, the Applicant must provide an updated letter)

Findings:

- **Noise:** Not addressed in ESA report.
- **Floodplain:** EFI reviewed Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps for the City of Poteet, Atascosa County, Texas. According to Community Panel No. 48001C 0001 B dated November 3, 1989, the entire Subject Property is located in Zone X (areas determined to be outside the 500-year floodplain). A copy of the FEMA Flood Insurance Rate Map is presented as Figure 4.
- **Asbestos-Containing Materials (ACM):** Not addressed in ESA report.
- **Lead-Based Paint (LBP):** Not addressed in ESA report.
- **Lead in Drinking Water:** Not addressed in ESA report.
- **Radon:** Radon is an odorless, colorless gas produced from the radioactive decay of naturally occurring radium found in soils. The EPA has established a radon action level of 4.0 picoCuries per liter of air (pCi/L). According to the EPA map of radon zones, Atascosa County, Texas is located in Radon Zone 3 and is predicted to have an indoor radon screening level less than 2.0 pCi/L.
- **Recognized Environmental Concerns (RECs):** This assessment has revealed no recognized environmental concerns in connection with the subject property.

Recommendations: After performing this assessment, EFI has identified no evidence of recognized environmental conditions in connection with the Subject Property. EFI makes no recommendation for further assessment of the Subject Property at this time.

Although the site is vacant land, receipt, review and acceptance of a letter, signed by the ESA provider, with reference to the need for a noise study, asbestos testing/abatement, lead-based paint testing/abatement, and testing of the drinking water for lead in accordance with current TDHCA rules is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100% of the total) will be reserved for low-income tenants. Four of the units (11%) will be reserved for households earning 30% or less of AMI and the remaining 32 units (89%) will be reserved for households earning 60% or less of AMI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$18,840	$21,480	$24,180	$26,880	$29,040	$31,200

MARKET HIGHLIGHTS

A market feasibility study dated March 25, 2006 was prepared by Novogradac & Company LLP and included the following findings:

Secondary Market Information: "It should be noted that a secondary market was not included in our analysis due to the rural nature of the Subject's location. The closest MSA is San Antonio, which does not represent the Subject's targeted tenant base" (p. 11).

Definition of Primary Market Area (PMA): "For the purpose of this Study, the Subject's Primary Market Area (PMA) is defined as Atascosa County...This area was defined based on conversations with local property managers, city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 11). This area encompasses approximately 1,252 square miles and is equivalent to a circle with a radius of 20 miles.

Population: The estimated 2005 general population was 41,899 and is expected to increase by 1.69% to approximately 45,061 by 2010. Within the primary market area there were estimated to be 13,833 households in 2005.

Total Market Demand: The Market Analyst does not utilize a household size-appropriate adjustment rate. The Analyst's income band of \$9,154 to \$29,040 (p. 75) results in an income eligible adjustment rate of 24.33% (p. 75). The tenure appropriate adjustment rate of 20.5% is specific to the general population (p. 74). The Market Analyst indicates a turnover rate of 18% applies based on comparable averages (p. 48).

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	11	8%	13	8%
Resident Turnover	127	92%	151	92%
TOTAL DEMAND	**138**	**100%**	**164**	**100%**

p. 79

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 26% based upon 138 units of demand and 36 unstabilized affordable housing in the PMA (including the subject) (p. 80). The Underwriter calculated an inclusive capture rate of 22% based upon a revised supply of 36 unstabilized comparable affordable units divided by a revised demand estimate for 164 affordable units.

Unit Mix Conclusion: "The Subject's one-, two- and three-bedroom unit sizes are above the overall market averages for similar unit types; The units range from seven to 13 percent above the market average. Thus, the Subject is at competitive advantage in terms of unit size, especially for two-bedroom units." (p. 48).

Market Rent Comparables: The Market Analyst surveyed 5 comparable apartment projects totaling 172 units in the market area. (p. 29).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	\$418	\$418	-\$0	\$500	-\$82
2-Bedroom (30%)	\$191	\$191	-\$0	\$575	-\$384
2-Bedroom (60%)	\$493	\$493	-\$0	\$575	-\$82
3-Bedroom (30%)	\$214	\$214	-\$0	\$675	-\$461
3-Bedroom (60%)	\$563	\$563	-\$0	\$675	-\$112

(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: "Current occupancy rates reported in the market ranged from 89.3 to 100 percent, with an average occupancy rate of 94.8 percent. Compared to March 2005, the date Novogradac last surveyed these properties, the overall occupancy has decreased by 1.1 percent. This is not a significant decrease and demonstrates a consistently strong rental market in the PMA. Casitas De Merced, the only LIHTC development, reported an occupancy rate of 89.3 percent. It should be noted that the low occupancy rate of Casitas De Merced is due to the limited number of units offered. The occupancy rate is more sensitive to vacancies at this small property and as a result the occupancy rate is skewed towards the low end. In addition, the property manager at Casitas De Merced stated that two of the three vacant units are pre-leased and will be filled soon. We would anticipate the Subject will likely maintain a stabilized occupancy rate of than 95 percent or better after completion based on the very high occupancy rates in the area." (p. 49).

Absorption Projections: "None of the comparable properties surveyed were able to provide information on absorption based on the fact that this region has seen almost no new recent multifamily construction. The most recent multifamily construction is Pecan Grove, which recently (2005) added a total of nine one-bedroom units in its Phase II. All of the units were pre-leased before construction was completed and there is currently a waiting list of five households for these units. Thus, demand for good quality rental units appears strong. We conservatively estimate the Subject will reach stabilized occupancy of 95 percent within three months, or be absorbed at a rate of approximately 10 units per month." (p. 48).

Unstabilized, Under Construction, and Planned Development: The Underwriter identified one HTC development located in the PMA that may be characterized as unstabilized due to the allocation year. However, Lytle Apartments (TDHCA #05226) is a rehabilitation development with an existing tenant base. Therefore, Lytle Apartment would not have an effect on the inclusive capture rate of the subject units.

Market Impact: "The Subject intends to introduce 36 LIHTC units into the PMA. Four of these units would target households earning 30 percent AMI. The only comparable LIHTC property in the PMA, Casitas de Merced, does not offer units at 30 percent AMI. Casitas de Merced is currently reporting a vacancy rate of 10.7 percent. However, all three of the vacancies at this property are in units offered at 50 percent of AMI, which the Subject does not offer. The 60 percent AMI units, on the other hand, are currently 100 percent occupied. Our inclusive capture rate analysis indicates the Subject should be well received into the market. Thus, we do not anticipate the Subject will adversely impact existing LIHTC properties in the PMA" (p. 72).

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of 7/5/2005 from the 2006 program gross rent limits. Tenants will be required to pay all electric utility bills. The Applicant's secondary income and vacancy and collection loss assumptions are within current TDHCA underwriting guidelines. Overall, the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,508 per unit is within 5% of the Underwriter's estimate of $3,511, derived from the TDHCA database and third-party data sources. However, several of the Applicant's line item expenses varied significantly when compared to the Underwriter's estimates, including: payroll ($7K higher); utilities ($4K lower); and property tax ($4K lower). The Applicant also overstated TDHCA compliance fees.

Conclusion: The Applicant's effective gross income, annual operating expense and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine the development debt capacity. The proforma and estimated debt service result in a debt coverage ratio of 1.30 for the first year. This is within current underwriting guidelines of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cash flow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 5.413 acres	$216,520	**Assessment for the Year of:**	2005
1 Acre:	$40,000	**Valuation by:**	Atascosa County Appraisal District
Total: prorated 4.82 acres	$192,800	**Tax Rate:**	3.0452

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest money contract (4.82 acres)		
Contract Expiration:	9/30/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$215,000	**Other:**	
Seller:	Carl Raymond Crites	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $44,605 per acre or $5,972 per unit is assumed to be reasonable since the acquisition is an arm's length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,306 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 $66K or 4% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $3,354,500 is increased by 30% to 4,360,850 because the subject site is located in a Qualified Census Tract. This adjusted basis and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $368,928. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

FINANCING STRUCTURE

INTERIM FINANCING

Source:	The Hoover Companies			**Contact:**	Dennis Hoover
Principal:	$1,655,098	**Interest Rate:**	10-year US treasury	**Term:**	12 months
Documentation:	☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application				
Comments:					

PERMANENT FINANCING

Source:	Centennial Mortgage			**Contact:**	Bob Morton
Principal:	$800,000	**Interest Rate:**	7.10%, fixed, lender's estimate	**Amort:**	480 months
Documentation:	☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application				
Comments:	Interest Rate = US 10-Year Treasury + 2.50%				

GRANT

Source: City of Poteet **Contact:** Sean Pate

Principal: $133,500 **Conditions:** In Kind site contributions

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

GRANT

Source: City of Poteet **Contact:** Sean Pate

Principal: $32,100 **Conditions:**

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☒ Application

Comments: It is not known if the funds will be Federally-sourced

TAX CREDIT SYNDICATION

Source: Raymond James **Contact:** Gary K Robinson

Proceeds: $3,234,222 **Net Syndication Rate:** 91% **Anticipated HTC:** $355,409/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

FINANCING STRUCTURE ANALYSIS

Interim Financing: The Hoover Companies, Inc. has approved a request for interim financing related to the new construction of the Canyon's Landing Apartments in the amount of $1,655,098. This lender is related to principals of the Applicant.

Permanent Financing: Centennial Mortgage has agreed to provide a permanent loan upon and subject to an award of tax credits as well as an award of a Loan Note Guarantee issued by the U.S. Department of Agriculture. The actual interest rate to determine debt service will be fixed after the issuance of a conditional commitment by the U.S. Department of Agriculture, subject to terms and conditions of the USDA 538 Guaranteed Rural Rental Housing Program. The loan amount can be up to $800,000 and will be underwritten with an interest rate of 7.10%. The Applicant has recognized that the loan amount will increase from the original $490,708 requested to $624,296 after agreeing to changes made during the underwriting due diligence. To the extent that the final loan amount is greater than $624,296 the need for the credits would be reduced.

The City of Poteet will provide In-Kind contributions equaling $133,500 in improvements to Canyon's Landing, which will reduce the allocation for those items in the budget and allows for a larger allocation for amenities and landscaping.

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

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $624,296 and $133,500 in in-kind contributions from the City of Poteet, indicates the need for $3,100,704 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $340,771 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($340,771), and eligible basis-derived estimate ($368,928), the gap-driven amount estimate of $340,771 is recommended, resulting in proceeds of $3,100,704 based on a syndication price of $0.91 per credit acquired.

The syndication rate proposed in the commitment is at the low end of current credit prices. Any increase in the final syndication rate will create an excess of funds, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developers, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The General Partner, HVM Housing LLC, submitted an unaudited financial statement as of Dec 31, 2005, reporting total assets of $36,190 and consisting of $14,467 in cash, $18,259 in receivables, and $3,464 in equity. Liabilities totaled $36,190, resulting in a net worth of $0.00.
- The principals of the General Partner, Dixie Farmer, Dennis Hoover, and Danna Hoover, submitted unaudited financial statements as of 2-6-06 and are anticipated to be guarantors of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- Significant environmental/locational risks may exist regarding issues not addressed in the Phase I ESA.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.

Underwriter:	*William Lane*	**Date:**	August 4, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	August 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Canyon's Landing, Poteet, 9% HTC #060133 -- App Perc Inc

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	2	1	1	696	$504	$418	$836	$0.60	$86.00	$38.00
TC 60%	2	1	1	691	504	$418	836	0.60	86.00	38.00
TC 60%	2	1	1	703	504	$418	836	0.59	86.00	38.00
TC 60%	2	1	1	751	504	$418	836	0.56	86.00	38.00
TC 30%	3	2	1	990	302	$191	573	0.19	111.00	44.00
TC 60%	1	2	1	990	604	$493	493	0.50	111.00	44.00
TC 60%	4	2	1	1,010	604	$493	1,972	0.49	111.00	44.00
TC 60%	8	2	1	1,043	604	$493	3,944	0.47	111.00	44.00
TC 30%	1	3	2	1,056	350	$214	214	0.20	136.00	50.00
TC 60%	5	3	2	1,056	699	$563	2,815	0.53	136.00	50.00
TC 60%	6	3	2	1,180	699	$563	3,378	0.48	136.00	50.00
TOTAL:	36		AVERAGE:	985	$579	$465	$16,733	$0.47	$113.78	$44.67

INCOME	Total Net Rentable Sq Ft: 35,442			TDHCA	APPLICANT		Comptroller's Region	9
POTENTIAL GROSS RENT				$200,796	$200,796		IREM Region	
Secondary Income	Per Unit Per Month:	$5.00		2,160	2,160	$5.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$202,956	$202,956			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(15,222)	(15,216)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$187,734	$187,740			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.29%	$276	0.28	$9,938	$9,000	$0.25	$250	4.79%
Management	6.39%	333	0.34	$11,996	12,000	0.34	333	6.39%
Payroll & Payroll Tax	12.09%	631	0.64	$22,704	30,000	0.85	833	15.98%
Repairs & Maintenance	7.25%	378	0.38	$13,613	11,700	0.33	325	6.23%
Utilities	4.26%	222	0.23	$7,993	3,500	0.10	97	1.86%
Water, Sewer, & Trash	6.83%	356	0.36	$12,825	14,500	0.41	403	7.72%
Property Insurance	6.20%	323	0.33	11,636	13,000	0.37	361	6.92%
Property Tax 3.0452	11.85%	618	0.63	22,250	18,597	0.52	517	9.91%
Reserve for Replacements	4.79%	250	0.25	9,000	9,000	0.25	250	4.79%
Suppserv, Compl, Sec	2.37%	123	0.13	4,440	5,000	0.14	139	2.66%
TOTAL EXPENSES	67.33%	$3,511	$3.57	$126,395	$126,297	$3.56	$3,508	67.27%
NET OPERATING INC	32.67%	$1,704	$1.73	$61,339	$61,443	$1.73	$1,707	32.73%
DEBT SERVICE								
First Lien Financing	25.09%	$1,308	$1.33	$47,100	$47,100	$1.33	$1,308	25.09%
Local Government (infrastructure)	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	7.58%	$396	$0.40	$14,239	$14,343	$0.40	$398	7.64%
AGGREGATE DEBT COVERAGE RATIO				1.30	1.30			
RECOMMENDED DEBT COVERAGE RATIO					1.30			

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)		5.82%	$6,042	$6.14	$217,500	$217,500	$6.14	$6,042	5.64%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.04%	7,306	7.42	263,000	263,000	7.42	7,306	6.82%
Direct Construction		48.58%	50,401	51.19	1,814,434	1,880,000	53.04	52,222	48.72%
Contingency	3.61%	2.01%	2,083	2.12	75,000	75,000	2.12	2,083	1.94%
General Req'ts	4.57%	2.54%	2,639	2.68	95,000	95,000	2.68	2,639	2.46%
Contractor's G & A	1.66%	0.94%	972	0.99	35,000	35,000	0.99	972	0.91%
Contractor's Profit	6.00%	3.34%	3,462	3.52	124,646	125,000	3.53	3,472	3.24%
Indirect Construction		7.47%	7,750	7.87	279,000	279,000	7.87	7,750	7.23%
Ineligible Costs		4.32%	4,486	4.56	161,500	161,500	4.56	4,486	4.19%
Developer's G & A	2.00%	1.53%	1,585	1.61	57,072	35,000	0.99	972	0.91%
Developer's Profit	13.00%	9.93%	10,305	10.47	370,965	400,000	11.29	11,111	10.37%
Interim Financing		4.49%	4,653	4.73	167,500	167,500	4.73	4,653	4.34%
Reserves		1.98%	2,056	2.09	74,029	125,000	3.53	3,472	3.24%
TOTAL COST		100.00%	$103,740	$105.37	$3,734,646	$3,858,500	$108.87	$107,181	100.00%
Construction Cost Recap		*64.45%*	*$66,863*	*$67.92*	*$2,407,080*	*$2,473,000*	*$69.78*	*$68,694*	*64.09%*

2006 QAP §50.9(i)(8) points awarded for costs less than ***$70.00*** ***per square foot***

SOURCES OF FUNDS						RECOMMENDED	
First Lien Financing	16.72%	$17,342	$17.61	$624,296	$624,296	$624,296	Developer Fee Available
Local Government (infrastructure)	3.57%	$3,708	$3.77	133,500	133,500	133,500	$435,000
HTC Syndication Proceeds	83.03%	$86,131	$87.49	3,100,704	3,100,704	3,100,704	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0	0	0%
Additional (Excess) Funds Req'd	-3.32%	($3,440)	($3.49)	(123,854)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,734,646	$3,858,500	$3,858,500	$270,425

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Canyon's Landing, Poteet, 9% HTC #060133 – App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$59.92	$2,123,631
Adjustments				
Exterior Wall Finish	6.65%		$3.98	$141,221
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.65)	(58,479)
Floor Cover			2.81	99,592
Porches	$18.15	1,513	0.77	27,463
Plumbing fixture	$815	(36)	(0.83)	(29,340)
Built-In Appliances	$2,200	36	2.23	79,200
			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			2.20	77,972
Garages/Carports			0.00	0
Community	$77.19	1,000	2.18	77,190
Other:			0.00	0
SUBTOTAL			71.62	2,538,451
Current Cost Multiplier	1.03		2.15	76,154
Local Multiplier	0.85		(10.74)	(380,768)
TOTAL DIRECT CONSTRUCTION COSTS			$63.03	$2,233,837
Plans, specs, survy, bld prm	3.90%		($2.46)	($87,120)
Interim Construction Interest	3.38%		(2.13)	(75,392)
Contractor's OH & Profit	11.50%		(7.25)	(256,891)
NET DIRECT CONSTRUCTION COSTS			$51.19	$1,814,434

PAYMENT COMPUTATION

Primary	$624,296	Amort	480
Int Rate	7.10%	DCR	1.30

Secondary	$133,500	Amort	
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$3,100,704	Amort	
Int Rate		Aggregate DCR	1.30

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$47,100
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$14,343

Primary	$624,296	Amort	480
Int Rate	7.10%	DCR	1.30

Secondary	$133,500	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$3,100,704	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

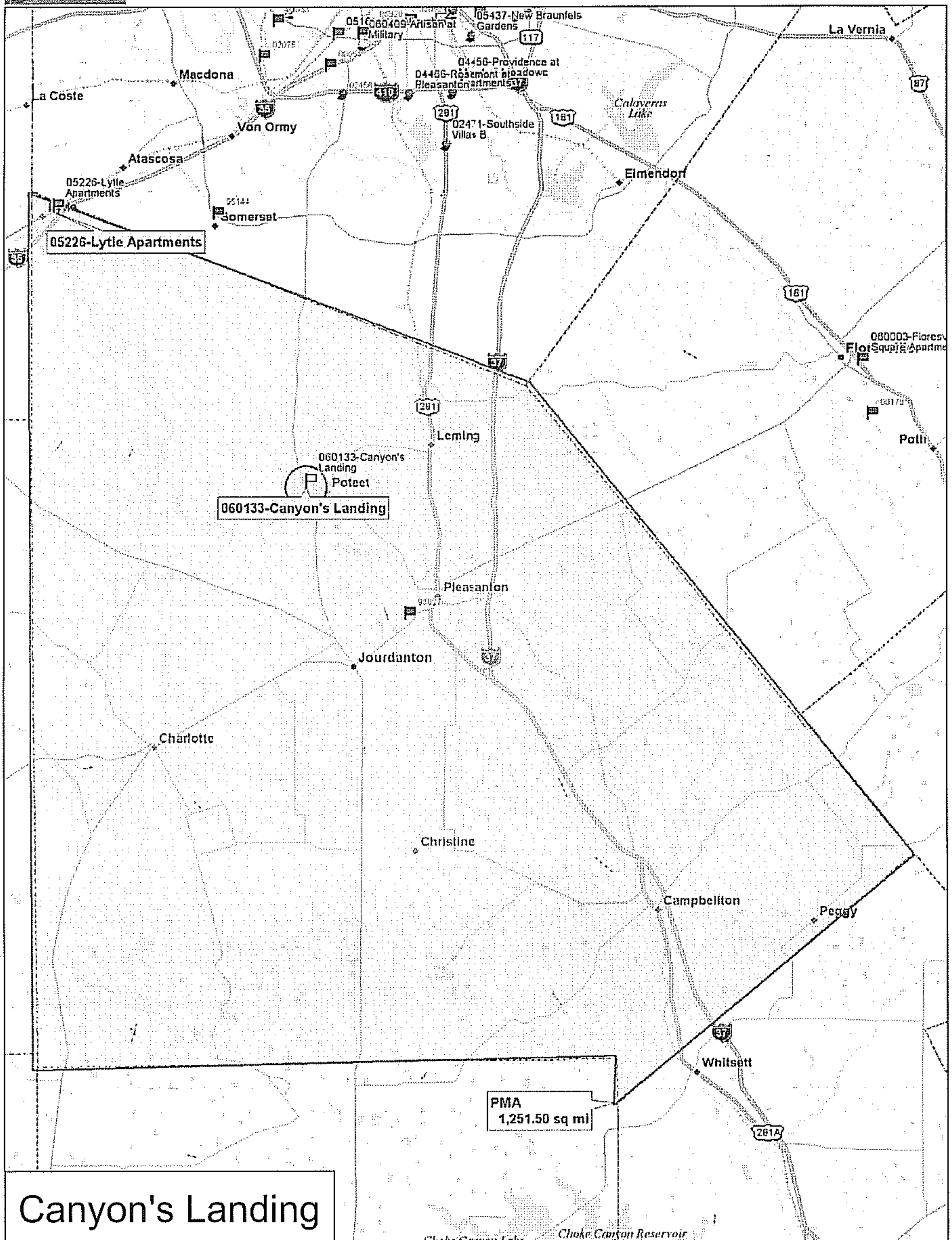
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$200,796	$206,820	$213,024	$219,415	$225,998	$261,993	$303,722	$352,097	$473,189
Secondary Income	2,160	2,225	2,292	2,360	2,431	2,818	3,267	3,788	5,090
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	202,956	209,045	215,316	221,776	228,429	264,812	306,989	355,885	478,279
Vacancy & Collection Loss	(15,216)	(15,678)	(16,149)	(16,633)	(17,132)	(19,861)	(23,024)	(26,691)	(35,871)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$187,740	$193,366	$199,167	$205,142	$211,297	$244,951	$283,965	$329,193	$442,408
EXPENSES at 4.00%									
General & Administrative	$9,000	$9,360	$9,734	$10,124	$10,529	$12,810	$15,585	$18,962	$28,068
Management	12000	12360	12730	13112	13506	15657	18151	21041	28278
Payroll & Payroll Tax	30,000	31,200	32,448	33,746	35,096	42,699	51,950	63,205	93,560
Repairs & Maintenance	11,700	12,168	12,655	13,161	13,687	16,653	20,261	24,650	36,488
Utilities	3,500	3,640	3,786	3,937	4,095	4,982	6,061	7,374	10,915
Water, Sewer & Trash	14,500	15,080	15,683	16,311	16,963	20,638	25,109	30,549	45,220
Insurance	13,000	13,520	14,061	14,623	15,208	18,503	22,512	27,389	40,542
Property Tax	18,597	19,341	20,115	20,919	21,756	26,469	32,204	39,181	57,998
Reserve for Replacements	9,000	9,360	9,734	10,124	10,529	12,810	15,585	18,962	28,068
Other	5,000	5,200	5,408	5,624	5,849	7,117	8,658	10,534	15,593
TOTAL EXPENSES	$126,297	$131,229	$136,354	$141,681	$147,217	$178,337	$216,076	$261,848	$384,730
NET OPERATING INCOME	$61,443	$62,138	$62,813	$63,461	$64,080	$66,614	$67,889	$67,345	$57,678
DEBT SERVICE									
First Lien Financing	$47,100	$47,100	$47,100	$47,100	$47,100	$47,100	$47,100	$47,100	$47,100
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	$14,343	$15,038	$15,713	$16,361	$16,980	$19,514	$20,789	$20,245	$10,578
DEBT COVERAGE RATIO	1.30	1.32	1.33	1.35	1.36	1.41	1.44	1.43	1.22

HTC ALLOCATION ANALYSIS - Canyon's Landing, Poteet, 9% HTC #060133 -- App Perc Inc

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	$217,500	$217,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$263,000	$263,000	$263,000	$263,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$1,880,000	$1,814,434	$1,880,000	$1,814,434
(4) Contractor Fees & General Requirements				
Contractor overhead	$35,000	$35,000	$35,000	$35,000
Contractor profit	$125,000	$124,646	$125,000	$124,646
General requirements	$95,000	$95,000	$95,000	$95,000
(5) Contingencies	$75,000	$75,000	$75,000	$75,000
(6) Eligible Indirect Fees	$279,000	$279,000	$279,000	$279,000
(7) Eligible Financing Fees	$167,500	$167,500	$167,500	$167,500
(8) All Ineligible Costs	$161,500	$161,500		
(9) Developer Fees				
Developer overhead	$35,000	$57,072	$35,000	$57,072
Developer fee	$400,000	$370,965	$400,000	$370,965
(10) Development Reserves	$125,000	$74,029		
TOTAL DEVELOPMENT COSTS	$3,858,500	$3,734,646	$3,354,500	$3,281,617

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		$3,354,500	$3,281,617
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$4,360,850	$4,266,102
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$4,360,850	$4,266,102
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$368,928	$360,912
Syndication Proceeds	0.9099	$3,356,908	$3,283,973
Total Tax Credits (Eligible Basis Method)		$368,928	$360,912
Syndication Proceeds		$3,356,908	$3,283,973
Requested Tax Credits		$355,409	
Syndication Proceeds		$3,233,899	
Gap of Syndication Proceeds Needed		$3,100,704	
Total Tax Credits (Gap Method)		$340,771	



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060160
Pembrooke Court

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

AUGUST 30, 2006

Action Items

Presentation, discussion and possible decision regarding the Applicant's appeal of underwriting for a 2006 HTC application.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

060160 Pembrooke Court

On August 14, 2006 the Applicant submitted an appeal regarding the underwriting recommendation. The Applicant requests that the first lien debt be increased from $400,000 to $510,000 in lieu of increasing the HOME CHDO loan interest rate to 1.0% from the requested 0%. Subsequent to the Executive Director's response, the Applicant submitted an appeal letter dated August 21, 2006 requesting that his appeal be added to the agenda for the August 30, 2006 Board meeting. In addition the Applicant implies an additional appeal with regard to the first lien position required by the Department for the $1,900,000 HOME loan versus the $400,000 bank loan. The original request was that the bank loan have a first lien position and the Applicant indicates that all other HOME loans in the past have been in the second lien position after the bank loan. The Department maintains that the 2006 Real Estate Analysis Rules and Guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Staff recommended an increase in the HOME loan rate pursuant to the following sections of the 2006 Real Estate Analysis Rules and Guidelines:

> §1.32 (d)(4)(D)(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 TD+HCA 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.

Changes to TDHCA funding are clearly intended to be the first option in addressing an excessive Debt Coverage Ratio. Moreover, the mortgage commitment contained in the application only allowed for the indicated $400,000 principal. The lien position required of Department funds are not clearly established by state statute or rule, however as a practical matter the Department is taking on over 4 times the risk based on the amount of debt compared to the bank and therefore should logically have priority or at least parity in lien position. While transactions involving structures that the Department has the majority of the debt are rare, the Department's historical position has generally accepted a second lien. This has left the Department vulnerable in a number of cases to the potential loss of affordability if the third party first lien is foreclosed and the Department's rights including the land use restriction agreement are extinguished.

Recommendation

Staff recommends the Board deny the appeal.

Appeal

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2006 Application Cycle
Underwriting Report Notice

Appeal Election Form: 060160 Pembrooke Court Date Notice Sent: 8/7/06

I am in receipt of my 2006 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site.
Given my appeal options I: (check all that apply)

[X] Do wish to appeal to the Executive Director and will submit my complete appeal within seven days or forfeit my right to appeal the Underwriting Criteria or recommended award amount.

[ ] Do wish to have my appeal added to the August 30, 2006 Board of Directors' meeting agenda if my initial appeal to the Executive Director is denied or not responded to prior to August 21, 2006. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., August 21, 2006 to be placed on the August 30, 2006 Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

[ ] Do not wish to appeal to the Board of Directors or Executive Director.

Signed ____________________

Title Developer

Date 8/11/06

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

PEMBROOKE COURT LTD.
4500 Carter Creek Parkway, Suite 101, Bryan, TX 77802
Phone 979.846.8878 Fax 979.846.0783

August 14, 2006

Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78701

Attn: Mr. Michael Gerber – Executive Director
Re: 2006 Application for Pembrooke Court
TDHCA Number 060160 – Real Estate Analysis

Dear Mr. Gerber:

I am writing this letter in response to the Underwriting Report Notice, issued 8/7/06 for Pembrooke Court. The report's recommendation was the approval of a HOME award not to exceed $1,900,000, structured as a 30-year term loan fully amortizing over 30 years at 1.0% interest, and a bank loan in the amount of $400,000 structured as a 30 year note at 8% interest.

I am requesting that you consider the following recommendation so that we can differ less of the development fee for this development. I would propose revising the recommended proposal to reflect a HOME loan at $1,900,000 at zero percent (0%) interest for 30 years, and increasing the 1st lien bank loan to $510,000 at 8% interest for a 15 term and a 30 year amortization. Making this change would keep the Debt Coverage Ratio the same as the recommendation by the underwriting staff.

I would respectfully ask your consideration of this proposal for Pembrooke Court.

Sincerely,

Emanuel H. Glockzin, Jr.
Ponderosa Plaza, Ltd.
Developer

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2006 Application Cycle
Underwriting Report Notice

Appeal Election Form: 060160 Pembrooke Court **Date Notice Sent:** 8/7/06

I am in receipt of my 2006 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site.
Given my appeal options I: (check all that apply)

[ ] Do wish to appeal to the Executive Director and will submit my complete appeal within seven days or forfeit my right to appeal the Underwriting Criteria or recommended award amount.

[X] Do wish to have my appeal added to the August 30, 2006 Board of Directors' meeting agenda if my **initial** appeal to the Executive Director is denied or not responded to prior to August 21, 2006. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., August 21, 2006 to be placed on the August 30, 2006 Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

[ ] Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed ______________________

Title Developer

Date 8/21/06

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

PEMBROOKE COURT, LTD.
4500 Carter Creek Parkway, Suite 101, Bryan, TX 77802
Phone 979.846.8878 Fax 979.846.0783

August 21, 2006

Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78701

Attn: Ms. Pam Cloyde
Re: 2006 Application for Pembrooke Court
TDHCA Number 060160 – Real Estate Analysis
Fax Number: 512-475-4420

Dear Ms. Cloyde:

I do wish to have my appeal my position added to the August 30, 2006 Board of Director's meeting agenda due to conflicts with the First Lien Position requirement of the HOME Commitment "Security for the Loan – a first lien together with an assignment of rents and leases. All other HOME loans in the past have been in the Second Lien position after the bank loan.

Should you need any additional information, please call me at the number listed above.

Sincerely,

Emanuel H. Glockzin, Jr.
Ponderosa Plaza, Ltd.
Developer

Executive Director's Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

August 28, 2006

Mr. Emanuel H. Glockzin, Jr.
Ponderosa Plaza, Ltd.
Pembrooke Court, Ltd.
4500 Carter Creek Pkwy, Suite 101
Bryan, TX 77802
Telephone: (979) 846-8878
Telecopier: (979) 846-0783

Re: Appeal Received for Pembrooke Court - 060160

Dear Mr. Glockzin:

Appeal Review

I have reviewed the application you submitted, as well as the underwriting report, and your appeal that was received on August 14, 2006 regarding the underwriting recommendation. You have requested that the first lien debt be increased from $400,000 to $510,000 in lieu of increasing the HOME loan interest rate to 1.0% from the requested 0%. The Underwriter recommended an increase in the HOME loan rate pursuant to the following sections of the 2006 Real Estate Analysis Rules and Guidelines:

> §1.32 (d)(4)(D)(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.

The Department maintains that the 2006 Real Estate Analysis Rules and Guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation. Changes to TDHCA funding are clearly intended to be the first option in addressing an excessive Debt Coverage Ratio. Moreover, the mortgage commitment contained in the application only allowed for the indicated $400,000 principal.

I have determined that the underwriting recommendation is firmly grounded in the Department's rules. Therefore, the appeal is denied.

Appeal Determination

The appeal is denied.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

Brooke Boston for

Michael Gerber
Executive Director

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060160

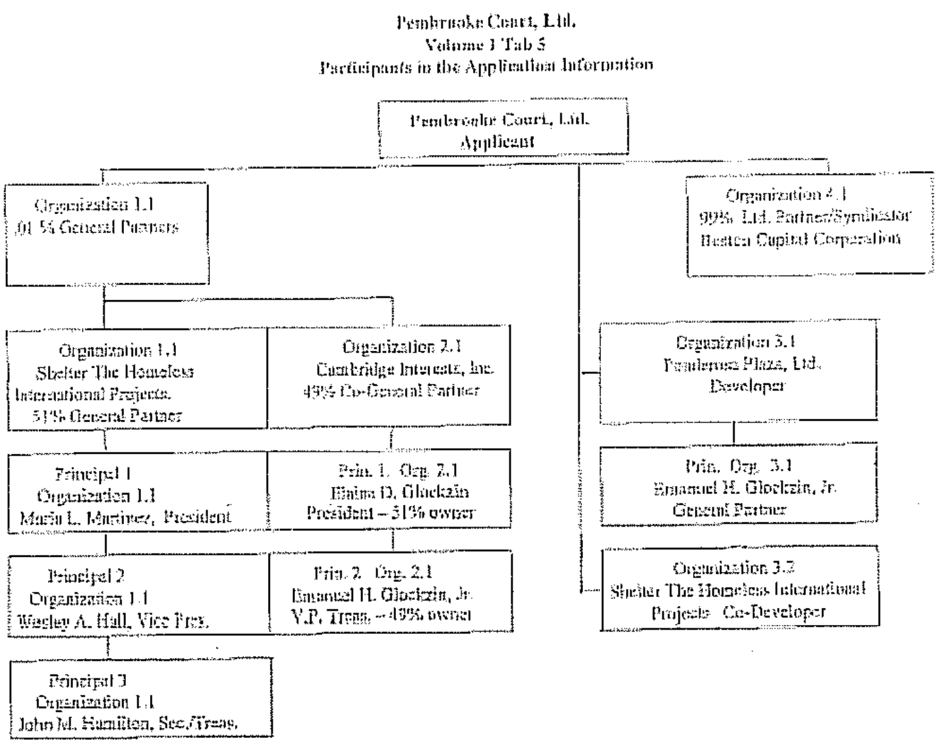
DEVELOPMENT NAME

Pembrooke Court

APPLICANT

Name:	Pembrooke Court, Ltd.		**Contact:**	Emanuel H. Glockzin, Jr.	
Address:	4500 Carter Creek Parkway, Suite 101				
City	Bryan		**State:**	TX	**Zip:** 77802
Phone:	(979) 846-8878	**Fax:** (979) 846-0783	**Email:**	housing@tca.net	

KEY PARTICIPANTS



PROPERTY LOCATION

Location:	Old Osage Road		
City:	Gatesville, TX	**Zip:**	76528
County:	Coryell	**Region:**	8

☐ QCT ☐ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$622,416	N/A	N/A	N/A
HOME Loan	$1,900,000	0%	30 yrs	30 yrs
HOME CHDO Operating Expenses	$75,000	N/A	N/A	N/A

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

Target Population: Family **Other:** Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $645,247[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,900,000, STRUCTURED AS A 30-YEAR TERM LOAN FULLY AMORTIZING OVER 30 YEARS AT 1.0% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. The financing structure should be revised to place the TDHCA HOME loan in first lien position, or at a minimum, limit the first lien holder's ability to foreclose without the Department's agreement.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 76 **# Res Bldgs** 7 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 88,808 **Av Un SF:** 1,169 **Common Area SF:** 3,787 **Gross Bldg SF:** 92,595

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive multifamily buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 75% masonry veneer and 25% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet, resilient covering, and light concrete. Threshold criteria for the 2006 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 fan 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: laundry connections,

[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, phone jacks in each room, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for a total of 76 or more units, the Applicant has elected to provide a community laundry room, a covered pavilion that includes barbecue grills and tables, a covered community porch, and a furnished community room.

Uncovered Parking: 140 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Pembrooke Court is an 11.9-unit per acre new construction development located in Gatesville, TX. The development is comprised of 7 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
1	1	0	0	4
1	2	8	0	4
3	2	0	8	4
1	2	4	8	0
1	2	8	4	0

The development includes a 3,787-square foot community building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	6.38 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone C	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	Multifamily	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: South side of Old Osage Road, approximately ¼ mile east of Route 36 on the north side of Gatesville, Coryell County, in Central Texas.

Adjacent Land Uses:

- **North:** Old Osage Rd. immediately adjacent, residential and vacant land beyond;
- **South:** vacant land immediately adjacent, commercial and vacant land beyond;
- **East:** vacant land immediately adjacent and beyond; and
- **West:** vacant land immediately adjacent and beyond.

Site Access: Access to the property is from the east or west along Old Osage Road. "The subject property is located ¼ mile off a major thoroughfare with a high volume of traffic flow. Accessibility is good by virtue of the location of the subject property relative to existing streets and thoroughfares." (Market Study p. 41)

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

Shopping & Services: A full service grocery store and pharmacy, restaurant, primary school, church, entertainment, and bank are all located within two miles of the subject property. A medical clinic and major retail discount store are located within three miles.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/08/06

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments: Site not in very good walking distance from most amenities.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 30, 2006 was prepared by Hodges Engineering, Inc., with additional comments contained in a letter received July 3, 2006. The analyst reported the following findings and recommendations:

Findings:

- **Noise:** "The Texas Department of Transportation 2002 traffic count on Old Sage Road is 1260 … with no railroad tracks or airport within two miles of the site. Using the HUD Noise Guidebook the noise level would be in the acceptable range of less than 65 decibels." (letter 7/3/06)
- **Floodplain:** "The site is above the 100 and 500 year flood plain." (letter 7/3/06)
- **Asbestos-Containing Materials (ACM):** "The tract is a vacant lot, therefore no asbestos containing material is present." (letter 7/3/06)
- **Lead-Based Paint (LBP):** "The tract is a vacant lot, therefore there is no lead based paint present." (letter 7/3/06)
- **Lead in Drinking Water:** "The City of Gatesville 2005 Drinking Water Quality Report … indicated the lead content in the drinking water is below action level." (letter 7/3/06)
- **Radon:** "The Texas Department of Health 'Final Report of the Texas Indoor Radon Summary' June 1994, Table 4 … indicates that Coryell County does not have high levels of Radon." (letter 7/3/06)
- **Recognized Environmental Concerns (RECs):** "This assessment has revealed no evidence of recognized environmental conditions in connection with property." (sec 6.0)

Recommendations: No additional environmental testing is required.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside.

The Applicant has also designated 61 units as HOME assisted. HOME assisted rental developments at a minimum must set aside at least 20% of HOME assisted units with rent and income restrictions at 50% or less of area median family income and all remaining units with High HOME rent restrictions and income restrictions at 80% or less of area median family income. These minimum requirements affect only those units which are HOME assisted and do not supersede the minimum affordability requirements for applicants jointly applying for HOME and Housing Tax Credits or any other federal, state or local affordable housing programs. All of the Pembrooke Court HOME units will have rents restricted at the Low HOME level.

All units will be reserved for low-income tenants. Three of the units (4.0%) will be restricted to the Low HOME rent limits and will be further restricted as HTC units reserved for households earning 30% or less of AMGI. Fifty-eight units (76.3%) will be restricted by both Low HOME rent limits and will be further restricted as HTC limits; these units will be reserved for households earning 50% or less of AMGI. Fifteen units (19.7%) will be restricted only as HTC units 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	$20,520	$23,400	$26,340	$29,280	$31,620	$33,960

MARKET HIGHLIGHTS

A market feasibility study dated Mar 31, 2006 was prepared by Allen & Associates Consulting ("Market Analyst") and included the following findings:

Secondary Market Information: "Because of the proximity of the subject property to neighboring cities, we anticipate that as much as 30 percent of multifamily demand will come from areas outside of the (primary) market area." (p. 51) TDHCA underwriting guidelines do not consider secondary market demand for family developments.

Definition of Primary Market Area (PMA): "We defined the primary market area by generating a drive time zone around the subject property and analyzing median rents and average household income levels in the area. We also considered population densities, existing concentrations of multifamily properties and the nearest census tract boundaries in our analysis. Based on our evaluation of the local market, we concluded that the primary market area includes (census tracts 102, 103, and 104). The site is located in Coryell County Census tract 102." (p. 51) This area encompasses approximately 104 square miles and is equivalent to a circle with a radius of 5.75 miles.

Population: The estimated 2005 population of the PMA was 18,887 and is expected to decrease by 1.2% to approximately 18,667 by 2010. Within the primary market area there were estimated to be 3,693 households in 2005.

Total Market Demand: Since this is a family development, the target population is the general population. Demographic data in the market study (p. 68) indicates that 97.2% of households are 5 persons or less, the appropriate size for the subject property. However, the Market Analyst did not adjust the household population in his demand calculations. The Analyst calculated an income eligible adjustment rate of 21.8% (p. 135) based on an income band of $9,154 to $31,600 (pp. 135-137) and separate growth estimates for each combination of income limit and unit bedroom size. The Underwriter used an income band of $9,394 to $31,620 due to revised rents and utility allowances. For this revised income band, the Underwriter calculated an income eligible adjustment rate of 26.1% based on the overall population. As a result of these differences, the Underwriter's estimated demand is higher than that of the Market Analyst. The tenure appropriate adjustment rate of 29.8% is specific to the target population. (p. 135) The Market Analyst indicates a turnover rate of 43.4% applies based on the U.S. Census Bureau. (p. 69) In addition, "Because of the proximity of the subject property to neighboring cities, we anticipate that as much as 30 percent of multifamily demand will come from areas outside of the (primary) market area." (p. 51)

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	102	72%	118	101%
Resident Turnover	-2	-1%	-2	-1%
Other Sources: secondary market	42	29%	N/A	-
TOTAL DEMAND	**142**	**100%**	**116**	**100%**

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 54% based on a supply of 76 unstabilized comparable affordable units in the PMA (including the subject) and demand for 142 affordable. (p. 141) The Underwriter calculated an inclusive capture rate of 66% based on a supply of 76 unstabilized affordable units divided by a revised demand estimate of 116 affordable units.

Unit Mix Conclusion: "The optimal project for this market would have a slight unit count reduction and a unit mix modification to achieve penetration rates below 25%, saturation rates below 50%, capture rates below 50%, inclusive capture rates below 100%, and absorption periods below 24 months. We recommend a total of 70 units for this project broken out as follows:

5 one-bedroom units restricted to 30% AMI
9 one-bedroom units restricted to 50% AMI
7 one-bedroom units restricted to 60% AMI
8 two-bedroom units restricted to 30% AMI
12 two-bedroom units restricted to 50% AMI
13 two-bedroom units restricted to 60% AMI
5 three-bedroom units restricted to 30% AMI
6 three-bedroom units restricted to 50% AMI
5 three-bedroom units restricted to 60% AMI

(p. 151) The application was submitted before the market study was completed, and therefore the Applicant was unable to consider these recommended changes to the unit mix.

Market Rent Comparables: The Market Analyst surveyed 16 comparable apartment projects totaling 545 units in the market area. "In conducting our analysis, we attempted to obtain information on every multifamily property with 20 or more units in the primary market area. Because the number of properties located in the PMA was somewhat limited, we expanded our search to include neighboring cities." (p. 81) Based on our evaluation of the rents for competing market rate properties, and considering the location and amenities of the subject property, we conclude the following market rents for the subject property units, assuming that the subject were an unrestricted property." (p.114)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (30%)	$216	$216	$0	$520	-$304
1-Bedroom (50%)	$399	$399	$0	$520	-$121
1-Bedroom (60%)	$491	$491	$0	$520	-$29
2-Bedroom (30%)	$254	$254	$0	$660	-$406
2-Bedroom (50%)	$472	$472	$0	$660	-$188
2-Bedroom (60%)	$582	$582	$0	$660	-$78
3-Bedroom (30%)	$280	$280	$0	$810	-$530
3-Bedroom (50%)	$534	$534	$0	$810	-$276
3-Bedroom (60%)	$661	$661	$0	$810	-$149

(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: "Occupancies by property type for stabilized family properties follow: Market rate, 92.7% (316 units in sample); restricted rents, 92.7% (109 units in sample); and subsidized rents, 98.3% (60 units in sample)." (p. 99)

Absorption Projections: "We estimate a 28-month absorption period and an average absorption rate of 2.52 units per month to stabilization for the subject property." (p. 147)

Unstabilized, Under Construction, and Planned Development: The Market Analyst did not identify any unstabilized or proposed development in the primary market area.

Market Impact: "In our opinion, the planned development is marginally feasible from a market standpoint as proposed. While the estimated overall penetration rate, saturation rate, capture rate and inclusive capture rate all appear to be at the upper end of limits of acceptability, the absorption period is excessive ... Based on these factors, we believe that the subject property will need to compete aggressively with other properties in the market area and may need to fill by virtue of attracting renters from other properties." (p. 15)

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of December 19, 2005, maintained by Housing Authority of the City of Gatesville, from the 2006 program gross rent limits. Tenants will be required to pay electric costs only. The Applicant claimed $10 per unit per month in secondary income from application fees and interest. This is within the TDHCA guideline maximum of $15. Vacancy and collection losses are within TDHCA guidelines. The Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,572 per unit is within 5% of the Underwriter's estimate of $3,685, derived from the TDHCA database and third-party data sources. Several of the Applicant's individual line items vary significantly from the Underwriter's estimates: general & administrative ($7K lower), payroll & payroll tax ($11K lower), and property tax ($7K higher).

Conclusion: The Applicant's effective gross income and total annual operating expenses are each within 5% of the Underwriter's estimates, but net operating income (NOI) is 6% higher than the Underwriter's. Therefore, the Underwriter's NOI will be used to evaluate debt capacity.

The Underwriter's NOI and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the interest rate and decrease in the amortization period of the HOME loan requested in the application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, total annual expenses and net operating income indicated a debt coverage ratio above the current underwriting maximum guideline. This indicates the project has the capacity to support a higher debt burden and still remain financially feasible.

ASSESSED VALUE

Land: 44.8 acres	$137,950	**Assessment for the Year of:**	2005
Land: per acre	$3,079	**Valuation by:**	Coryell County Appraisal District
Subject Site: 6.38 acres prorated	$19,650	**Tax Rate:**	2.48027

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Commercial and Industrial Real Estate Sale Contract (6.38 acres)		
Contract Expiration:	10/31/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$380,000	**Other:**	
Seller:	Coryell Stoneridge Partners LC	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $59,561 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,974 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 $4.6M. This is 6 % higher than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook.*

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 a total of $9,800 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 fee also exceeds 15% of the Applicant's adjusted eligible basis by $170 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 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 $7,627,030 and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $645,247. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

FINANCING STRUCTURE

INTERIM to PERMANENT FINANCING

Source:	First Victoria National Bank			**Contact:**	Royce A. Moran
Principal:	$400,000	**Interest Rate:**	8.00%, fixed	**Term:**	192 months
Documentation:	☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application				
Comments:	12 months interest-only for interim construction followed by 30 year amortization				

INTERIM to PERMANENT FINANCING

Source: TDHCA HOME **Contact:** TDHCA

Principal: $1,900,000 **Interest Rate:** 0% fixed **Amort:** 360 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☒ Application

Comments: Interim to permanent request

TAX CREDIT SYNDICATION

Source: Boston Capital Corporation **Contact:** Thomas Dixon

Proceeds: $5,725,655 **Net Syndication Rate:** 0.92% **Anticipated HTC:** $622,416/year

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $273,773 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim Financing: "Boston Capital expects to furnish a Bridge loan to (Pembrooke Court, Ltd) and interest on that bridge loan is expected to compound to approximately $30,000." (Memo from Boston Capital dated June 20, 2006.) This loan would be in advance of Boston Capital's initial equity contribution under the HTC syndication agreement.

Interim to Permanent Financing: The Applicant has a commitment from First Victoria National Bank for a first lien mortgage in the amount of $400,000 at 8.00% interest, structured for one year as an interest-only interim construction loan, then converting to a 15 year term loan on a 30 year amortization.

The Applicant is also applying for a HOME loan from TDHCA in the amount of $1,900,000 with requested terms of 0.0% interest for 40 years.

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 $274K amount to 28% of the total fees.

HOME CHDO Operating Expenses: The Applicant has applied for a grant in the amount of $75,000 in HOME CHDO Operating Expense funds. This grant would be for the operating expenses of the Managing General Partner, Shelter the Homeless International Projects. SHIP is a non-profit Community Housing Development Organization. CHDO Operating Expense grants are entirely separate from the HTC program, and this aspect of the application has not been factored into this analysis.

Financing Conclusions: As discussed above, the requested terms result in a debt coverage ratio in excess of the TDHCA guideline maximum of 1.30. Underwriting analysis indicates that this project is financially feasible if the terms of the HOME loan are adjusted to a 30 year amortization at 1.00% interest. Such an adjustment also establishes parity in amortization between the first and second liens. This report recommends that TDHCA issue a HOME loan of $1,900,000 for 30 years at 1.00% interest. This amount is substantially higher than the Applicant's proposed first lien, which puts the Department at significant risk. Therefore, it is a condition of this report that the Department pursue a first lien position, or at a minimum, limit the first lien holder's ability to foreclose without the Department's agreement. The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the ratio of HOME units to total units.

The Applicant's total development cost estimate less the permanent loan of $400,000 and HOME loan of $1,900,000 indicates the need for $6,000,000 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $652,239 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($652,239) and eligible basis-derived estimate ($645,247), at the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006, the eligible basis-derived estimate of $645,247 is recommended.

The Underwriter's recommended financing structure indicates the need for $64,323 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within three years of stabilized operation.

The syndication rate proposed in the commitment is at the low end of current credit prices. If the final syndication rate were to increase by more than four cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

Return on Equity: According to HUD, the "Cash on Cash Return (on equity), which calculates the percent of return on equity given the amount invested by the developer (developer equity) and the cash flow at the end of each year, considers the developer fee a development cost and not a form of financing or equity in the project." No cash equity will be invested by the Developer; therefore a return on equity is impossible to calculate. Considering the total syndication equity from the tax credits, the additional return generated from net cash flow is typically less than 1%.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager 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.
- The Managing General Partner, Shelter the Homeless International Projects, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $141K, and consisting of $71K in cash and $70K in fixed assets. Liabilities totaled $35K, resulting in net assets of $106K.
- The Co-General Partner, Cambridge Interests, Inc., submitted an unaudited financial statement as of December 31, 2005, reporting total assets of $357K and consisting of $5K in cash, $16K in receivables, $167K in stocks and securities, $22K in fixed assets, and $147K in business interests. Liabilities totaled $20K, resulting in net assets of $337K.
- The Developer, Ponderosa Plaza, Ltd., submitted an unaudited financial statement as of December 31, 2005, reporting total assets of $277K and consisting of $264K in cash, $6K in receivables, and $7K in business interests. Liabilities totaled $0K, resulting in net assets of $277K.
- The principal(s) of the Co-General Partner and the Developer, Emanuel H. and Elaina D. Glockzin, submitted an unaudited joint financial statement as of December 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 operating proforma 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%.
- The requested financing structure, with the larger HOME loan in second position behind a smaller commercial loan, puts the Department at significant risk.
- The significant financing structure changes being proposed have not been reviewed by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Thomas Cavanagh*	**Date:**	August 4, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	August 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Pembrooke Court, Gatesville, 060160 -- App Perc Inc

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30% LH	1	1	1	856	$274	$216	$216	$0.25	$58.00	$34.50
TC 50% LH	15	1	1	856	457	$399	5,985	0.47	58.00	34.50
TC 60%	4	1	1	856	549	$491	1,964	0.57	58.00	34.50
TC 30% LH	1	2	2	1,218	330	$254	254	0.21	76.00	39.80
TC 50% LH	28	2	2	1,218	548	$472	13,216	0.39	76.00	39.80
TC 60%	7	2	2	1,218	658	$582	4,074	0.48	76.00	39.80
TC 30% LH	1	3	2	1,392	360	$280	280	0.20	100.00	44.50
TC 50% LH	15	3	2	1,392	634	$534	8,010	0.38	100.00	44.50
TC 60%	4	3	2	1,392	761	$661	2,644	0.47	100.00	44.50
TOTAL:	76		AVERAGE:	1,169	$560	$482	$36,643	$0.41	$77.58	$39.64

INCOME	Total Net Rentable Sq Ft: 88,808				TDHCA	APPLICANT	Comptroller's Region		8
POTENTIAL GROSS RENT					$439,716	$439,716		IREM Region	
Secondary Income		Per Unit Per Month:		$10.00	9,120	9,120	$10.00	Per Unit Per Month	
application fees, interest					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$448,836	$448,836			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(33,663)	(33,660)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$415,173	$415,176			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.76%	$369	0.32	$28,061	$20,600	$0.23	$271	4.96%
Management		5.00%	273	0.23	20,759	22,800	0.26	300	5.49%
Payroll & Payroll Tax		16.22%	886	0.76	67,336	56,500	0.64	743	13.61%
Repairs & Maintenance		6.68%	365	0.31	27,743	32,900	0.37	433	7.92%
Utilities		4.26%	233	0.20	17,688	18,000	0.20	237	4.34%
Water, Sewer, & Trash		8.58%	469	0.40	35,640	30,000	0.34	395	7.23%
Property Insurance		5.73%	313	0.27	23,787	26,000	0.29	342	6.26%
Property Tax	2.46027	6.81%	372	0.32	28,275	35,100	0.40	462	8.45%
Reserve for Replacements		3.66%	200	0.17	15,200	15,200	0.17	200	3.66%
Oth: cbl,sup.svc,compl,security		3.74%	204	0.17	15,540	14,400	0.16	189	3.47%
TOTAL EXPENSES		67.45%	$3,685	$3.15	$280,028	$271,500	$3.06	$3,572	65.39%
NET OPERATING INC		32.55%	$1,778	$1.52	$135,145	$143,676	$1.62	$1,890	34.61%
DEBT SERVICE									
First Victoria National Bank		8.48%	$463	$0.40	$35,221	$35,532	$0.40	$468	8.56%
TDHCA HOME		11.44%	$625	$0.53	47,500	47,500	$0.53	$625	11.44%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		12.63%	$690	$0.59	$52,424	$60,644	$0.68	$798	14.61%
AGGREGATE DEBT COVERAGE RATIO					1.63	1.73			
RECOMMENDED DEBT COVERAGE RATIO					1.24				

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)		4.80%	$5,000	$4.28	$380,000	$380,000	$4.28	$5,000	4.58%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.69%	6,974	5.97	530,000	530,000	5.97	6,974	6.39%
Direct Construction		54.53%	56,860	48.66	4,321,325	4,600,000	51.80	60,526	55.42%
Contingency	2.93%	1.79%	1,868	1.60	142,000	142,000	1.60	1,868	1.71%
General Req'ts	6.00%	3.67%	3,830	3.28	291,079	312,000	3.51	4,105	3.76%
Contractor's G & A	2.00%	1.22%	1,277	1.09	97,026	104,000	1.17	1,368	1.25%
Contractor's Profit	6.00%	3.67%	3,830	3.28	291,079	312,000	3.51	4,105	3.76%
Indirect Construction		6.65%	6,934	5.93	527,000	527,000	5.93	6,934	6.35%
Ineligible Costs		1.19%	1,237	1.06	94,000	94,000	1.06	1,237	1.13%
Developer's G & A	2.00%	1.59%	1,662	1.42	126,290	150,000	1.69	1,974	1.81%
Developer's Profit	13.00%	10.36%	10,801	9.24	820,886	845,000	9.51	11,118	10.18%
Interim Financing		1.45%	1,513	1.29	115,000	115,000	1.29	1,513	1.39%
Reserves		2.38%	2,487	2.13	189,000	189,000	2.13	2,487	2.28%
TOTAL COST		100.00%	$104,272	$89.23	$7,924,687	$8,300,000	$93.46	$109,211	100.00%
Construction Cost Recap		*71.58%*	*$74,638*	*$63.87*	*$5,672,510*	*$6,000,000*	*$67.56*	*$78,947*	*72.29%*

2006 QAP §50.9(i)(8) points awarded for costs less than *$70.00* *per square foot*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Victoria National Bank	5.05%	$5,263	$4.50	$400,000	$400,000	$400,000	Developer Fee Available
TDHCA HOME	23.98%	$25,000	$21.39	1,900,000	1,900,000	1,900,000	$994,830
HTC Syndication Boston Capital	72.26%	$75,345	$64.48	5,726,227	5,726,227	5,935,677	% of Dev. Fee Deferred
Deferred Developer Fees	3.45%	$3,602	$3.08	273,773	273,773	64,323	6%
Additional (Excess) Funds Req'd	-4.74%	($4,938)	($4.23)	(375,313)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,924,687	$8,300,000	$8,300,000	$509,957

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.21	$4,281,642
Adjustments				
Exterior Wall Finish	6.00%		$2.89	$256,899
9-Ft. Ceilings	3.75%		1.81	160,562
Roofing			0.00	0
Subfloor			(1.54)	(137,193)
Floor Cover			2.22	197,154
Porches/Balconies	$25.12	18,157	5.14	456,199
Plumbing per Unit	$1,843	76	1.58	140,080
Built-In Appliances	$1,675	76	1.43	127,300
Stairs/Fireplaces	$1,900	12	0.26	22,800
Enclosed Corridors	$38.29	0	0.00	0
Heating/Cooling			1.73	153,638
Garages/Carports	$0.00	0	0.00	0
Comm &/or Aux Bldgs	$66.61	3,787	2.84	252,243
Other:	$0.00	0	0.00	0
SUBTOTAL			66.56	5,911,323
Current Cost Multiplier	1.04		2.66	236,453
Local Multiplier	0.86		(9.32)	(827,585)
TOTAL DIRECT CONSTRUCTION COSTS			$59.91	$5,320,190
Plans, specs, survy, bld prm	3.90%		($2.34)	($207,487)
Interim Construction Interes	3.38%		(2.02)	(179,556)
Contractor's OH & Profit	11.50%		(6.89)	(611,822)
NET DIRECT CONSTRUCTION COSTS			$48.66	$4,321,325

PAYMENT COMPUTATION

Primary	$400,000	Amort	360
Int Rate	6.00%	DCR	3.84

Secondary	$1,900,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.63

Additional	$5,726,227	Amort	
Int Rate		Aggregate DCR	1.63

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$35,221
Secondary Debt Service	73,334
Additional Debt Service	0
NET CASH FLOW	$26,590

Primary	$400,000	Amort	360
Int Rate	6.00%	DCR	3.84

Secondary	$1,900,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.24

Additional	$5,726,227	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

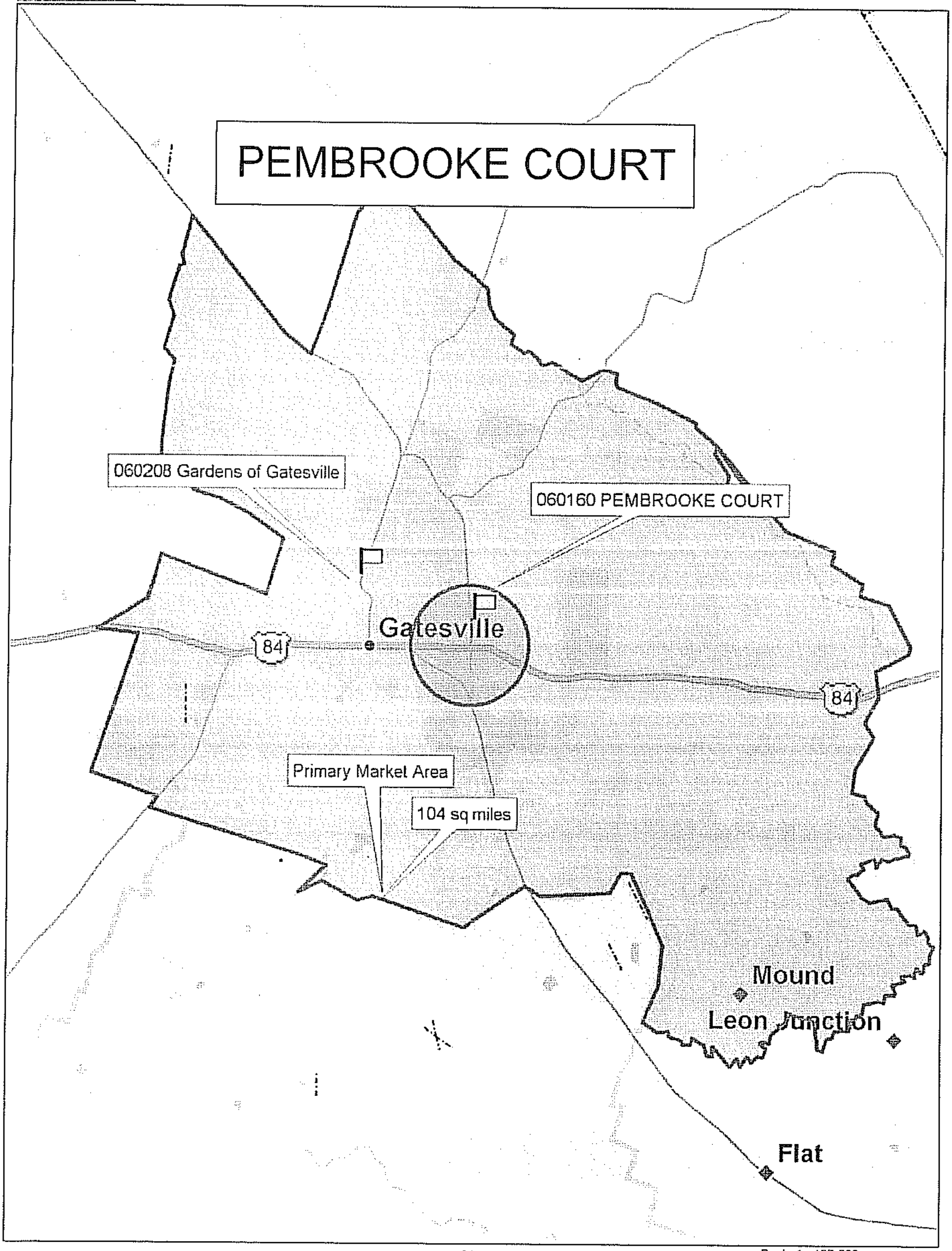
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$439,716	$452,907	$466,495	$480,490	$494,904	$573,730	$665,110	$771,045	$1,036,220
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
0	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	448,836	462,301	476,170	490,455	505,169	585,629	678,905	787,037	1,057,711
Vacancy & Collection Loss	(33,663)	(34,673)	(35,713)	(36,764)	(37,888)	(43,922)	(50,918)	(59,028)	(79,328)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$415,173	$427,628	$440,457	$453,671	$467,281	$541,707	$627,987	$728,009	$978,383
EXPENSES at 4.00%									
General & Administrative	$28,061	$29,183	$30,351	$31,565	$32,827	$39,940	$48,593	$59,120	$87,512
Management	20,759	21,381	22,023	22,684	23,364	27,085	31,399	36,400	48,919
Payroll & Payroll Tax	67,336	70,029	72,831	75,744	78,774	95,848	116,604	141,867	209,998
Repairs & Maintenance	27,743	28,853	30,007	31,207	32,455	39,487	48,042	58,450	86,521
Utilities	17,688	18,396	19,131	19,897	20,692	25,176	30,630	37,266	55,163
Water, Sewer & Trash	35,640	37,066	38,548	40,090	41,694	50,727	61,717	75,088	111,148
Insurance	23,787	24,738	25,728	26,757	27,827	33,856	41,191	50,115	74,182
Property Tax	28,275	29,406	30,582	31,806	33,078	40,244	48,963	59,571	88,180
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	15,540	16,162	16,808	17,480	18,180	22,118	26,910	32,740	48,464
TOTAL EXPENSES	$280,028	$291,022	$302,449	$314,327	$326,673	$396,107	$480,371	$582,643	$857,491
NET OPERATING INCOME	$135,145	$136,607	$138,008	$139,344	$140,608	$145,600	$147,616	$145,366	$120,892
DEBT SERVICE									
First Lien Financing	$35,221	$35,221	$35,221	$35,221	$35,221	$35,221	$35,221	$35,221	$35,221
Second Lien	73,334	73,334	73,334	73,334	73,334	73,334	73,334	73,334	73,334
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$26,590	$28,052	$29,454	$30,790	$32,054	$37,046	$39,062	$36,812	$12,338
DEBT COVERAGE RATIO	1.24	1.26	1.27	1.28	1.30	1.34	1.36	1.34	1.11

HTC ALLOCATION ANALYSIS - Pembrooke Court, Gatesville, 060160 -- App Perc Inc

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	$380,000	$380,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$530,000	$530,000	$530,000	$530,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,600,000	$4,321,325	$4,600,000	$4,321,325
(4) Contractor Fees & General Requirements				
Contractor overhead	$104,000	$97,026	$102,600	$97,026
Contractor profit	$312,000	$291,079	$307,800	$291,079
General requirements	$312,000	$291,079	$307,800	$291,079
(5) Contingencies	$142,000	$142,000	$142,000	$142,000
(6) Eligible Indirect Fees	$527,000	$527,000	$527,000	$527,000
(7) Eligible Financing Fees	$115,000	$115,000	$115,000	$115,000
(8) All Ineligible Costs	$94,000	$94,000		
(9) Developer Fees			$994,830	
Developer overhead	$150,000	$126,290		$126,290
Developer fee	$845,000	$820,886		$820,886
(10) Development Reserves	$189,000	$189,000		
TOTAL DEVELOPMENT COSTS	$8,300,000	$7,924,687	$7,627,030	$7,261,687

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$7,627,030	$7,261,687
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$7,627,030	$7,261,687
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$7,627,030	$7,261,687
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$645,247	$614,339
Syndication Proceeds	**0.9199**	**$5,935,677**	**$5,651,351**
Total Tax Credits (Eligible Basis Method)		**$645,247**	**$614,339**
Syndication Proceeds		**$5,935,677**	**$5,651,351**
Requested Tax Credits		**$622,416**	
Syndication Proceeds		**$5,725,655**	
Gap of Syndication Proceeds Needed		**$6,000,000**	
Total Tax Credits (Gap Method)		**$652,239**	



TN
MN (5.2°E)

Scale 1 : 137,500
1" = 2.17 mi
Data Zoom 9-5

060199
Legacy Senior Housing

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

AUGUST 30, 2006

Action Items

Presentation, discussion and possible decision regarding the Applicant's appeal of underwriting for a 2006 HTC application.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

060199 Legacy Senior Housing of Port Arthur

On August 14, 2006 the Applicant submitted an appeal requesting that the Department consider increasing the credit amount by $112,389 due to the contention that the permanent loan amount will be reduced from the previously submitted amount of $2,975,000 to $2,100,000. This reduced amount was not supported by any new documentation from the lender; however the original application indicated a permanent loan of $2,175,000.

Staff communicated during the original underwriting review that the rents indicated in the rent schedule were significantly less than the maximum achievable program rents and the market rents. In addition staff indicated that the expenses proposed for several line items were outside of the normal tolerance levels compared to the underwriting database. The Applicant adjusted rents half way up to the achievable level indicated in the market study and increased expenses by an even greater amount. The underwriter completed the analysis using the still higher achievable rents and anticipated a slightly higher debt capacity to maintain not more than a 1.30 debt coverage ratio.

The appeal letter states that property insurance is increasing from $39,250 a year to $124,000 (or $984 per unit) although no additional supporting documentation was provided to evaluate or confirm this presumption. Moreover, this information was not made available to the underwriter previously and therefore could not have been considered during the underwriting process. By increasing the property insurance amount to $124,000, total expenses increase to $4,114 per unit per year from the previous $3,442 per unit per year. This amount is considerably higher than comparable developments of similar size and location. In addition this level of operating expenses based on the revised rent levels would result in an unusually high 70% expense to income ratio and cause the long term proforma to fail the 30 year feasibility test.

The Department's rules and guidelines were applied evenly, fairly, and as originally intended during the underwriting analysis. Staff recommends that the appeal be denied due to the lack of supporting documentation to support the information provided and that the original July 14, 2006 underwriting recommendation is firmly grounded in the Department's rules.

Recommendation

Staff recommends the Board deny the appeal.

Appeal

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2006 Application Cycle

Addendum to Underwriting Report Notice

Appeal Election Form: 060199 Legacy Senior Housing of Port Arthur **Date Notice Sent: 8/7/06**

I am in receipt of my 2006 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site.
Given my appeal options I: (check all that apply)

☑ Do wish to appeal to the Executive Director and will submit my complete appeal within seven days or forfeit my right to appeal the Underwriting Criteria or recommended award amount.

☑ Do wish to have my appeal added to the August 30, 2006 Board of Directors' meeting agenda if my **initial** appeal to the Executive Director is denied or not responded to prior to August 21, 2006. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., August 21, 2006 to be placed on the August 30, 2006 Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

☐ Do not wish to appeal to the Board of Directors or Executive Director.

Signed Harlan A. Hanson

Title General Partner

Date August 10, 2006

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

Anderson

VIA FACSIMILE: (512) 475-4420

August 14, 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
c/o: Ms. Pam Cloyde
221 East 11th Street
P.O. Box 13947
Austin, TX 78711

Re: 2006 HTC Application for Legacy Senior Housing of Port Arthur
TDHCA Number: 060199

Dear Mr. Gerber,

Legacy Senior Housing of Port Arthur would like to thank the Department and its Board for the award of $961,150 in annual Housing Tax Credits for the new construction of this senior community. Please accept this letter as a formal appeal and request to receive an additional award of $112,389 in annual Housing Tax Credits for the subject property. Please see Volume 1, Tab 3 Activity Overview attached. The requested increase brings the total award from $961,150 to $1,073,539 as allowed by the July 28, 2006 Board approved underwriting increase in the Applicable Percentage to 8.46%.

This request is primarily due to the sharp rise in insurance premiums for hurricane affected areas to approximately $1,000/unit/year as illustrated in the attached revision of Volume 1 Tab 2. In addition, utility allowances are also expected to rise. Based on the attached spreadsheet provided by JER Hudson, the Tax Credit Syndicator, as well as conversations with industry lenders, the final loan amount will likely drop to $2,100,000 from $2,950,000 as originally projected.

We complement the diligence of the Underwriting team. The senior citizens in the Port Arthur will benefit greatly from the development of this beautifully planned community. Please contact Mr. Huelon Harrison at 214-450-8200 or Ms. Terri Anderson 972-567-4630 should you have any questions or need additional supporting documentation.

Respectfully submitted,

Terri L. Anderson

Terri L. Anderson, President

Anderson Capital, LLC
347 Walnut Grove Lane
Coppell, TX 75019
Phone: (972) 567-4630 Fax: (972) 462-8715

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part D. Annual Operating Expenses

General & Administrative Expenses			
Accounting			
Advertising		$ 10,000.00	
Legal fees		$ 12,000.00	
Leased equipment		$ 1,500.00	
Postage & office supplies		$ 1,000.00	
Telephone		$ 2,000.00	
Other	*Employee Training/Computer Software/Misc.*	$ 1,890.00	
Total General & Administrative Expenses:		$ 4,150.00	
Management Fee:	Percent of Effective Gross Income:		$ 32,540.00
Payroll, Payroll Tax & Employee Benefits		6.00%	$ 44,226.00
Management			
Maintenance		$ 38,000.00	
Other	*Payroll taxes/Benefits* -	$ 37,000.00	
Total Payroll, Payroll Tax & Employee Benefits:		$ 22,200.00	
Repairs & Maintenance			$ 97,200.00
Elevator			
Exterminating		$ 9,000.00	
Grounds		$ 2,500.00	
Make-ready		$ 9,500.00	
Repairs		$ 12,000.00	
Pool		$ 26,500.00	
Other	*Describe*	$ 9,000.00	
Total Repairs & Maintenance:		$	
Utilities (Enter development owner expense)			$ 68,500.00
Electric			
Natural gas		$ 14,616.00	
Trash		$ -	
Water & sewer		$ 7,500.00	
Other	*Uniforms/Fire Safety*	$ 24,000.00	
Total Utilities:		$ 480.00	
Annual Property Insurance:			$ 46,596.00
Property Taxes:	Rate per net rentable square foot:	$ 1.23	$ 124,000.00
Published Capitalization Rate:	10.00% Source:		
Annual Property Taxes:			
Payments in Lieu of Taxes:		$ 57,960.00	
Other Taxes	*Describe*	$	
Total Property Taxes:		$	
Reserve for Replacements:			$ 57,960.00
Other Expenses	Annual reserves per unit:	$ 230.00	$ 28,980.00
Cable TV			
Supportive service contract fees		$	
Compliance fees		$ 12,600.00	
Security		$ 3,780.00	
Other	*Describe*	$ 2,000.00	
Total Other Expenses:		$	
TOTAL ANNUAL EXPENSES			$ 18,380.00
NET OPERATING INCOME (before debt service)	Expense per unit:	$ 4114.142857	$ 518,382.00
ANNUAL DEBT SERVICE			$ 218,702.87
NET CASH FLOW	Debt Coverage Ratio:	1.28	$170,876
			$ 47,826.82

'art E. 30 Year Rental Housing Operating Proforma

Volume 1, Tab 2. ACTIVITY OVERVIEW

'he pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest lebt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for issumptions other than straight-line growth made during the proforma period should be attachd to this exhibit.

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
OTENTIAL GROSS ANNUAL RENTAL INCOME		$774,312	$797,541	$821,468	$846,112	$871,495	$1,010,302	$1,171,216	$1,357,761	$1,574,017	$1,824,717
econdary Income		22,537	23,213	23,908	24,626	25,365	$29,405	34,088	39,518	45,812	53,109
OTENTIAL GROSS ANNUAL INCOME		$796,849	$820,754	$845,377	$870,738	$896,860	$1,039,707	$1,205,305	$1,397,279	$1,619,829	$1,877,826
rovision for Vacancy & Collection Loss		59,764	61,557	63,403	65,305	67,265	77,978	90,398	104,796	121,487	140,837
ental Conessions											
FFECTIVE GROSS ANNUAL INCOME		$737,085	$759,197	$781,973	$805,433	$829,596	$961,729	$1,114,907	$1,292,483	$1,498,342	$1,736,989
EXPENSES											
eneral & Administrative Expenses		$ 32,540.00	$33,842	$35,195	$36,603	$38,067	$46,315	$56,349	$68,557	$83,410	$101,481
anagement Fee		44,226	30,368	31,279	32,217	33,184	38,469	44,596	51,699	59,934	69,480
ayroll, Payroll Tax & Employee Benefits		97,200	101,088	105,132	109,337	113,710	138,346	168,319	204,786	249,153	303,133
epairs & Maintenance		68,500	71,240	74,090	77,053	80,135	97,497	118,620	144,319	175,586	213,628
ectric & Gas Utilities		15,096	15,700	16,328	16,981	17,660	21,486	26,141	31,805	38,696	47,079
'ater, Sewer & Trash Utilities		31,500	32,760	34,070	35,433	36,851	44,834	54,548	66,366	80,744	98,239
nnual Property Insurance Premiums		124,000	128,960	134,118	139,483	145,062	176,491	214,728	261,249	317,850	386,713
operty Tax		57,960	60,278	62,690	65,197	67,805	82,495	100,368	122,113	148,569	180,757
eserve for Replacements		28,980	30,139	31,345	32,599	33,903	41,248	50,184	61,056	74,285	90,379
her Expenses:		18,380	19,115	19,880	20,675	21,502	26,160	31,828	38,724	47,114	57,321
OTAL ANNUAL EXPENSES		$518,382	$523,490	$544,126	$565,578	$587,879	$713,341	$865,681	$1,050,674	$1,275,340	$1,548,207
ET OPERATING INCOME		$218,703	$235,707	$237,847	$239,854	$241,716	$248,388	$249,226	$241,808	$223,002	$188,782
DEBT SERVICE											
st Deed of Trust Annual Loan Payment		$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,876.05	$ 170,875.05
econd Deed of Trust Annual Loan Payment											
ird Deed of Trust Annual Loan Payment											
her Annual Required Payment:											
ET CASH FLOW		$47,827	$64,831	$66,971	$68,978	$70,840	$77,512	$78,350	$70,932	$52,126	$17,906
bt Coverage Ratio		1.28	1.38	1.30	1.40	1.41	1.45	1.46	1.42	1.31	1.10

Volume 1, Tab 3. ACTIVITY OVERVIEW

Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.

DEVELOPMENT NAME:

	TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN)[1] (and % of cost if item involves multiple payees)
	Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,000,000			
Existing building acquisition cost				
Closing costs & acq. legal fees	30,000			
Other[2] (specify)				
Subtotal Acquisition Cost	$1,030,000	$0	$0	
OFF-SITES[3]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other[2] (specify)				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[4]				
Demolition				
Rough grading	112,918		112,918	
Fine grading	19,961		19,961	
On-site concrete	40,215		40,215	
On-site electrical	30,466		30,466	
On-site paving	255,911		255,911	
On-site utilities	123,885		123,885	
Decorative masonry	57,715		57,715	
Bumper stops, striping & signs	3,168		3,168	
Landscaping	124,519		124,519	
Pool and decking	57,909		57,909	
Athletic court(s), playground(s)	36,559		36,559	
Fencing	81,648		81,648	
Other[2] (specify)			0	
Subtotal Site Work Cost	$944,874	$0	$944,874	
DIRECT CONSTRUCTION COSTS[4]:				
HARD COSTS				
Concrete	782,026		782,026	
Light weight concrete			0	
Masonry	343,228		343,228	
Metals	35,967		35,967	
Carpentry	1,446,122		1,446,122	
Waterproofing			0	
Insulation	84,266		84,266	
Roofing	173,384		173,384	
Sheet metal	-		0	
Electrical	467,571		467,571	

	TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN)[1] (and % of cost if item involves multiple payees)
	Total Cost	Eligible Basis (If Applicable) Acquisition	Eligible Basis (If Applicable) New/Rehab.	
DIRECT CONSTRUCTION COSTS (Continued):				
Plumbing	440,939		440,939	
HVAC	332,885		332,885	
Doors	49,183		49,183	
Windows	58,870		58,870	
Glass	12,845		12,845	
Lath & plaster	-		0	
Drywall	416,703		416,703	
Tile work	43,160		43,160	
Acoustical	-		0	
Resilient or other flooring	35,967		35,967	
Carpeting	135,756		135,756	
Painting & decorating	155,686		155,686	
Specialties	51,871		51,871	
Cabinets	144,382		144,382	
Appliances	129,826		129,826	
Fireplaces	-		0	
Carports or garages	365,400		365,400	
Accessory buildings	302,000		302,000	
Elevator	-		0	
Lead-Based Paint Abatement	-		0	
Asbestos Abatement	-		0	
Other[2] (Specify)			0	
Subtotal Hard Costs	$6,008,037	$0	$6,008,037	
OTHER CONSTRUCTION COSTS				
General requirements (<6%) 6.00%	417,175		417,175	
Field supervision (within GR limit)				
Contractor overhead (<2%) 2.00%	139,058		139,058	
G & A Field (within overhead limit)				
Contractor profit (<6%) 6.00%	417,175		417,175	
Contingency	347,646		347,646	
Subtotal Direct Const. Costs	$1,321,054	$0	$1,321,054	
INDIRECT CONSTRUCTION COSTS[4]				
Architectural - Design fees	150,000		150,000	
Architectural - Supervision fees	25,000		25,000	
Engineering fees	119,000		119,000	
Real estate attorney/other legal fees	50,000		50,000	
Accounting fees	22,500		22,500	
Impact Fees	0		0	
Building permits & related costs	0		0	
Appraisal	7,000		7,000	
Market analysis	5,000		5,000	
Environmental assessment	7,000		7,000	
Soils report	9,000		9,000	
Survey	15,000		15,000	
Marketing	150,000			
Course of construction insurance	55,000		55,000	

	TOTAL DEVELOPMENT SUMMARY			
	Total Cost	Eligible Basis (If Applicable)		Expected Payee Taxpayer Identification Number (TIN)[1] (and % of cost if item involves multiple payees)
		Acquisition	New/Rehab.	
INDIRECT CONSTRUCTION COSTS (Continued)				
Hazard & liability insurance	35,000		35,000	
Real property taxes	30,000		30,000	
Personal property taxes				
Tenant relocation expenses				
Other[2] (FF&E)	152,800		152,800	
Subtotal Indirect Const. Cost	$832,300	$0	$682,300	
DEVELOPER FEES[4]				
Housing consultant fees[5]	75,000		75,000	
General & administrative				
Profit or fee	1,311,515		1,311,515	
Subtotal Developer's Fees 15.00%	$1,386,515	$0	$1,386,515	
FINANCING:				
CONSTRUCTION LOAN(S)[4]				
Interest	198,333		119,000	
Loan origination fees	59,500		59,500	
Title & recording fees	30,000		30,000	
Closing costs & legal fees	40,000		40,000	
Inspection fees	20,000		20,000	
Credit Report				
Discount Points				
Other[2] (specify)				
PERMANENT LOAN(S)				
Loan origination fees	20,650			
Title & recording fees	30,000			
Closing costs & legal	15,000			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other[2] (specify)				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other[2] (specify)				
OTHER FINANCING COSTS[4]				
Tax credit fees	49,565			
Tax and/or bond counsel	18,000		18,000	
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	25,000			
Tax opinion				
Other[2] (specify)				
Subtotal Financing Cost	$506,048	$0	$286,500	

	TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN)[1] (and % of cost if item involves multiple payees)
	Total Cost	Eligible Basis (If Applicable)		
RESERVES		Acquisition	New/Rehab.	
Rent-up				
Operating	233,918			
Replacement				
Escrows				
Subtotal Reserves	$233,918	$0	$0	
TOTAL DEVELOPMENT COSTS[6]	$12,262,746	$0	$10,629,280	
- **Commercial Space Costs**[7]				
TOTAL RESIDENTIAL COSTS	$12,262,746			

If the contractor is guaranteeing financing for the transaction for a fee, such fees are: $ -

The following calculations are for HTC Applications only.

Deduct From Basis:

		Acquisition	New/Rehab.
Fed. grant proceeds used to finance costs in eligible basis			
Fed. B.M.R. loans used to finance costs in eligible basis			380,000
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units (42.(d)(5))			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$10,249,280
High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$13,324,064
Applicable Fraction[8]			95%
Total Qualified Basis	$12,689,585	$0	$12,689,585
Applicable Percentage[9]			8.46%
Owner's Requested Credits	$1,073,539	$0	$1,073,539

$112,389

Applicant and contractor certify that, to the best of their knowledge, the provided costs and supporting information represent an accurate, uninflated estimate of the costs associated with this development. They also certify that no fees, other than for activities identified in this form, will be paid to the contractor.

Development Owner Name *Contractor Name*

By: ______________________ By: ______________________
Signature *Signature*
Its: ______________________ Its: ______________________

Date *Date*

Volume 1, Tab 4. Funding Request

PART A. Summary Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources.

Source #	Funding Description	Priority of Lien	Construction or Rehab Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan	1ST	$ 2,100,000	$ 2,100,000	Collateral Mortgage Capital @ 7.25%
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME				TDHCA
5	Housing Trust Fund				TDHCA
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds		$ 8,984,622	$ 9,982,913	JER Hudson @ $0.93 for 99.99%
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant				
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee		$ 1,178,474	$ 180,183	Developer
TOTAL SOURCES OF FUNDS			$ 12,263,096	$ 12,263,096	
TOTAL USES OF FUNDS			$ 12,263,096	$ 12,263,096	

(1) Indicate Exclusive Use Financing Palicipant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrustructure funds used only for off-site construction

Hi Hue:

This is the insurance bid that we have been able to construct for Legacy based on recent quotes/some assumptions from our Florida experience. We have a deal there that has lender's "forced-place" insurance on it just because regular insurance became prohibitively expensive.

Talk to you soon.

Sam

From: Shereef Anbar
Sent: Tuesday, August 08, 2006 8:34 AM
To: Sam Ganeshan; Karen Panariello
Subject: Port Arthur

<u>Insurance</u>

1. Construction Period General Liability (1MM/2MM Limits) - annual premium $20,000
2. Construction Period Umbrella Liability (5MM Limit) - annual premium $7,500
3. Builder's Risk with Fire/Wind Coverage - annual premium $80,000
4. Flood Coverage ($250,000/bldg for 10 buildings) - annual premium $15,000
5. Post Construction General Liability (1MM/2MM Limits) - annual premium $8,000
6. Post Construction Excess Liability (5MM Limit) - annual premium $7,500
7. All Risk Coverage w/Fire/Wind/BI ($8,775,000 Limit) - $90,000 annual premium

NET OPERATING INCOME

Legacy Seniors

	AMI	# Units	Proposed Rents	Sq. Feet	Annual Total Rent	HUDSON UNDERWRITING	
1 Bdrm	30%	4	224	727	10,752	222	Anticipated UA increase
1 Bdrm	60%	27	508	727	164,592	495	Anticipated UA increase
1 Bdrm	market	1	552	727	6,624	560	Market Study
1 Bdrm	30%	1	232	733	2,784	222	Anticipated UA increase
1 Bdrm	60%	10	516	733	61,920	495	Anticipated UA increase
1 Bdrm	market	1	564	733	6,768	560	Market Study
1 Bdrm	30%	2	248	765	5,952	222	Anticipated UA increase
1 Bdrm	60%	15	524	765	94,320	510	Anticipated UA increase
1 Bdrm	market	1	576	765	6,912	560	Market Study
2 Bdrm	30%	2	264	860	6,336	286	Anticipated UA increase
2 Bdrm	60%	15	604	860	108,720	616	Greens - Comp
2 Bdrm	market	1	641	860	7,692	655	Market Study
2 Bdrm	30%	3	281	860	10,116	286	Anticipated UA increase
2 Bdrm	60%	32	621	860	238,464	616	Greens - Comp
2 Bdrm	market	1	658	860	7,896	655	Market Study
2 Bdrm	30%	1	298	863	3,576	286	Anticipated UA increase
2 Bdrm	60%	8	638	863	61,248	616	Greens - Comp
2 Bdrm	market	1	675	863	8,100	655	Market Study
Total		126			812,772	801,120	
Low Income Units	95.24%	120					

				Hudson	Hudson
Annual Rental Income			812,772		801,120
Laundry		$ 5.25	7,944		7,944
Pet Fees/Cable/Interest Income		$ 4.52	6,828		
Application/Late Fees		$ 5.13	7,764		
Less:					
Annual Rental Income Vacancy	7.50%		(60,958)	7.5%	(60,084)
Laundry Vacancy	7.50%		(596)	7.5%	(596)
Pet Fees/Cable/Interest Income Vacancy	7.50%		(512)	7.5%	-
Application/Late Fees Vacancy	7.50%		(582)	7.5%	-
Effective Income			772,660		748,384
Less:	*Per Unit*			*Per Unit*	
Expenses	2,984		(375,984)	3175	(400,050)
Insurance	448		(56,448)	960	(120,960)
Replacement Reserves	230		(28,980)	230	(28,980)
Total Expenses	3,662		(461,412)	4,365	(549,990)
NOI			311,248		198,394
Permanent Loan			2,950,000		2,100,000
Debt Service			241,490		171,908
DSC			1.29		1.15

Rate	7.25%	Supportable Debt	3,306,000
Amortization	30		
DSC	1.15		

850,000

Loan Reduction

Executive Director's Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

August 18, 2006

Mr. Huelon A. Harrison
LRG Legacy Senior Housing of Port Arthur, L.P.
2560 Cedar Crest Blvd.
Dallas, TX 75203
Telephone: (214) 941-6885

Re: Appeal Received for Legacy Senior Housing of Port Arthur – 060199

Dear Mr. Harrison:

<u>Appeal Review</u>

I have reviewed the application you submitted, as well as your appeal that was received on August 14, 2006 regarding the underwriting recommendation of the above-referenced application.

Your appeal requests that the Department consider increasing the credit amount by $112,389 due to the contention that the permanent loan amount will be reduced from the previously submitted amount of $2,975,000 to $2,100,000. This reduced amount was not supported by any new documentation from the lender; however your original application indicated a permanent loan of $2,175,000.

Staff communicated during the original underwriting review that the rents indicated in the rent schedule were significantly less than the maximum achievable program rents and the market rents. In addition staff indicated that the expenses proposed for several line items were outside of the normal tolerance levels compared to the underwriting database. You choose ultimately to adjust rents half way up to the achievable level indicated in the market study and to increase expenses by an even greater amount. The underwriter completed the analysis using the still higher achievable rents and anticipated a slightly higher debt capacity to maintain not more than a 1.30 debt coverage ratio.

The appeal letter states that property insurance is increasing from $39,250 a year to $124,000 (or $984 per unit) although no additional supporting documentation was provided to evaluate or confirm this presumption. Moreover, this information was not made available to the underwriter previously and therefore could not have been considered during the underwriting process. By increasing the property insurance amount to $124,000 the total expenses increases to $4,114 per unit per year from the previous $3,442 per unit per year. This amount is considerably higher than comparable developments of similar size and location. In addition this level of operating expenses based on your revised rent levels would result in an unusually high 70% expense to income ratio and cause the long term proforma to fail the 30 year feasibility test.

In order to apply the Department's rules and guidelines evenly, fairly, and as originally intended, your appeal is being denied. The appeal is being denied due to the lack of supporting documentation to support the information provided and that the original July 14, 2006 underwriting recommendation is firmly grounded in the Department's rules.

Appeal Determination

The appeal is denied.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

Michael Gerber
Executive Director

CC: Ms. Terri L. Anderson
President
Anderson Capital, LLC
347 Walnut Grove Lane
Coppell, TX 75019

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ADDENDUM

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060199

DEVELOPMENT NAME

Legacy Senior Housing of Port Arthur

APPLICANT

Name:	LRG Legacy Senior Housing of Port Arthur, L.P.		**Contact:**	Huelon A. Harrison	
Address:	2560 Cedar Crest Blvd.				
City	Dallas		**State:**	TX	**Zip:** 75203
Phone:	(214) 941-6885	**Fax:** (214) 337-4256	**Email:**	legacypa@aol.com	

KEY PARTICIPANTS

Name:	HHLRG Legacy Senior Housing of Port Arthur LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	LRG Development, LP	**Title:**	Developer
Name:	Legacy Resource Group	**Title:**	100% Owner of MGP
Name:	Huelon A. Harrison	**Title:**	100% Owner of Legacy Resource Group & Gurantor
Name:	Terri Anderson	**Title:**	Consultant

PROPERTY LOCATION

Location:	3400 Block of Lake Arthur Drive		
City:	Port Arthur	**Zip:**	77642
County:	Jefferson	**Region:**	5

☒ QCT ☒ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,036,739*	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Elderly	**Other:**	*Revised to $999,761

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $961,150[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an acceptable site inspection by TDHCA staff.
2. Receipt, review, and acceptance by carryover of a flood hazard 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 a condition of this report.
3. Receipt, review and acceptance of a revised permanent loan commitment reflecting the addition of $359,041 in principal, deferred developer fee in the same amount or some combination of additional

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[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

debt or deferred developer fee such that the Underwriter's effective debt coverage ratio is not more than 1.30.

4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

ADDENDUM

The underwriting analysis has been revised to reflect the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

As stated in the Underwriting Report dated July 14, 2006, 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 $10,629,178 supports annual tax credits of $1,113,293. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

The proforma analysis resulted in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount of $359,041 to $3,334,041 based on the terms reflected in the application materials. Receipt, review and acceptance of a revised permanent loan commitment reflecting the additional principal or initial after conversion deferred developer fee in the same amount or some combination of additional debt and deferred developer fee in the same amount which allows the Underwriter's effective debt coverage ratio to be not more than 1.30, is a condition of this report. As a result the development's gap in financing will decrease. The Applicant's total development cost estimate less the permanent loan of $3,334,041 indicates the need for $8,937,805 in gap funds. Based on the submitted syndication rate of 93%, a tax credit allocation of $961,150 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($961,150) and adjusted eligible basis-derived estimate ($1,113,293), the gap-driven amount of $961,150 is recommended. The Underwriter's recommended financing structure indicates no need for deferred developer fees.

The syndication rate proposed in the commitment is in the low end of current credit prices. If the final syndication rate were to increase, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income, operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant location risks exist regarding the flood zone designation of AH.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The 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:**	August 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #060199 -- App Perc Inc

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC (30%)	4	1	1	727	$285	$248	$992	$0.34	$37.00	$32.00
TC (60%)	27	1	1	727	569	532	14,364	0.73	37.00	32.00
MR	1	1	1	727	N/A	536	536	0.74	37.00	32.00
TC (30%)	1	1	1	733	285	248	248	0.34	37.00	32.00
TC (60%)	10	1	1	733	569	532	5,320	0.73	37.00	32.00
MR	1	1	1	733	N/A	544	544	0.74	37.00	32.00
TC (30%)	2	1	1	765	285	248	496	0.32	37.00	32.00
TC (60%)	15	1	1	765	569	532	7,980	0.70	37.00	32.00
MR	1	1	1	765	N/A	560	560	0.73	44.00	36.00
TC (30%)	5	2	1	860	342	298	1,490	0.35	44.00	36.00
TC (60%)	47	2	1	860	682	638	29,986	0.74	44.00	36.00
MR	2	2	1	860	N/A	635	1,270	0.74	44.00	36.00
TC (30%)	1	2	1	863	342	298	298	0.35	44.00	36.00
TC (60%)	8	2	1	863	682	638	5,104	0.74	44.00	36.00
MR	1	2	1	863	N/A	655	655	0.76	44.00	36.00
TOTAL:	126		AVERAGE:	801	#VALUE!	$554	$69,843	$0.69	$40.61	$34.06

				TDHCA	APPLICANT			
INCOME Total Net Rentable Sq Ft: 100,900						Comptroller's Region	5	
POTENTIAL GROSS RENT				$838,116	$774,312		IREM Region	
Secondary Income		Per Unit Per Month:	$14.90	22,536	22,536	$14.90	Per Unit Per Month	
Other Support Income: (describe)				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$860,652	$796,848			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(64,549)	(59,760)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$796,103	$737,088			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.90%	$373	0.47	$46,960	$32,540	$0.32	$258	4.41%
Management	5.00%	316	0.39	39,805	44,226	0.44	351	6.00%
Payroll & Payroll Tax	13.22%	835	1.04	105,254	97,200	0.96	771	13.19%
Repairs & Maintenance	5.44%	344	0.43	43,312	68,980	0.68	547	9.36%
Utilities	4.50%	284	0.35	35,803	14,616	0.14	116	1.98%
Water, Sewer, & Trash	4.55%	288	0.36	36,257	31,500	0.31	250	4.27%
Property Insurance	4.33%	274	0.34	34,473	39,250	0.39	312	5.33%
Property Tax 3.217912	7.96%	503	0.63	63,364	57,960	0.57	460	7.86%
Reserve for Replacements	3.17%	200	0.25	25,200	28,980	0.29	230	3.93%
Other: compl fees	2.47%	156	0.19	19,640	18,380	0.18	146	2.49%
TOTAL EXPENSES	56.53%	$3,572	$4.46	$450,069	$433,632	$4.30	$3,442	58.83%
NET OPERATING INC	43.47%	$2,746	$3.43	$346,035	$303,456	$3.01	$2,408	41.17%
DEBT SERVICE								
Collateral Mortgage Capital	29.83%	$1,885	$2.35	$237,513	$237,513	$2.35	$1,885	32.22%
0	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	13.63%	$861	$1.08	$108,522	$65,943	$0.65	$523	8.95%
AGGREGATE DEBT COVERAGE RATIO				1.46	1.28			
RECOMMENDED DEBT COVERAGE RATIO				1.30				

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)		8.27%	$7,937	$9.91	$1,000,000	$1,000,000	$9.91	$7,937	8.15%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.81%	7,499	9.36	944,874	944,874	9.36	7,499	7.70%
Direct Construction		48.60%	46,651	58.26	5,878,076	6,008,037	59.54	47,683	48.96%
Contingency	5.00%	2.82%	2,708	3.38	341,147	347,646	3.45	2,759	2.83%
General Req'ts	6.00%	3.38%	3,249	4.06	409,377	417,175	4.13	3,311	3.40%
Contractor's G & A	2.00%	1.13%	1,083	1.35	136,459	139,058	1.38	1,104	1.13%
Contractor's Profit	6.00%	3.38%	3,249	4.06	409,377	417,175	4.13	3,311	3.40%
Indirect Construction		5.64%	5,415	6.76	682,300	682,300	6.76	5,415	5.56%
Ineligible Costs		3.38%	3,243	4.05	408,648	408,648	4.05	3,243	3.33%
Developer's G & A	2.00%	1.50%	1,443	1.80	181,762	75,000	0.74	595	0.61%
Developer's Profit	13.00%	9.77%	9,377	11.71	1,181,454	1,311,515	13.00	10,409	10.69%
Interim Financing		2.37%	2,274	2.84	286,500	286,500	2.84	2,274	2.33%
Reserves		1.93%	1,856	2.32	233,918	233,918	2.32	1,856	1.91%
TOTAL COST		100.00%	$95,983	$119.86	$12,093,893	$12,271,846	$121.62	$97,396	100.00%
Construction Cost Recap		*67.14%*	*$64,439*	*$80.47*	*$8,119,310*	*$8,273,965*	*$82.00*	*$65,666*	*67.42%*

2006 QAP §50.9(i)(8) points awarded for costs less than $82.00 per square foot

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Collateral Mortgage Capital	24.60%	$23,611	$29.48	$2,975,000	$2,975,000	$3,334,041	Developer Fee Available
	0.00%	$0	$0.00	0		0	$1,386,415
HTC Syndication Proceeds	76.87%	$73,784	$92.14	9,296,844	9,296,844	8,937,805	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	2	2		0%
Additional (Excess) Funds Req'd	-1.47%	($1,412)	($1.76)	(177,953)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,093,893	$12,271,846	$12,271,846	$1,686,195

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #060199 -- App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.98	$5,143,425
Adjustments				
Exterior Wall Finish	5.92%		$3.02	$304,491
Elderly/9-Ft. Ceilings	3.00%		1.53	154,303
Roofing			0.00	0
Subfloor			(0.93)	(93,395)
Floor Cover			2.22	223,998
Porches/Balconies	$18.15	3,168	0.57	57,499
Plumbing	$660	0	0.00	0
Built-In Appliances	$1,675	126	2.09	211,050
Stairs/Fireplaces	$1,900	10	0.19	19,000
Enclosed Corridors	$41.06	18900	7.69	775,948
Heating/Cooling			1.73	174,557
Garages/Carports	$26.73	14,112	3.74	377,214
Comm &/or Aux Bldgs	$62.56	5,750	3.57	359,727
Other: Elevators	$52,750	3	1.57	158,250
SUBTOTAL			77.96	7,866,067
Current Cost Multiplier	1.03		2.34	235,982
Local Multiplier	0.89		(8.58)	(865,267)
TOTAL DIRECT CONSTRUCTION COSTS			$71.72	$7,236,782
Plans, specs, survy, bld prm	3.90%		($2.80)	($282,234)
Interim Construction Interes	3.38%		(2.42)	(244,241)
Contractor's OH & Profit	11.50%		(8.25)	(832,230)
NET DIRECT CONSTRUCTION COSTS			$58.26	$5,878,076

PAYMENT COMPUTATION

Primary	$2,975,000	Amort	360
Int Rate	7.00%	DCR	1.46

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.46

Additional		Amort	
Int Rate		Aggregate DCR	1.46

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$266,177
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$79,857

Primary	$3,334,041	Amort	360
Int Rate	7.00%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

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	$838,116	$863,259	$889,157	$915,832	$943,307	$1,093,551	$1,267,726	$1,469,641	$1,975,075
Secondary Income	22,536	23,212	23,908	24,626	25,364	29,404	34,088	39,517	53,108
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	860,652	886,472	913,066	940,458	968,671	1,122,956	1,301,813	1,509,158	2,028,183
Vacancy & Collection Loss	(64,549)	(66,485)	(68,480)	(70,534)	(72,650)	(84,222)	(97,636)	(113,187)	(152,114)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$796,103	$819,986	$844,586	$869,923	$896,021	$1,038,734	$1,204,177	$1,395,972	$1,876,069
EXPENSES at 4.00%									
General & Administrative	$46,960	$48,839	$50,792	$52,824	$54,937	$66,839	$81,320	$98,938	$146,452
Management	39,805	40,999	42,229	43,496	44,801	51,937	60,209	69,799	93,803
Payroll & Payroll Tax	105,254	109,464	113,843	118,397	123,132	149,809	182,266	221,755	328,251
Repairs & Maintenance	43,312	45,044	46,846	48,720	50,669	61,646	75,002	91,251	135,074
Utilities	35,803	37,235	38,724	40,273	41,884	50,958	61,998	75,430	111,656
Water, Sewer & Trash	36,257	37,708	39,216	40,785	42,416	51,606	62,786	76,389	113,074
Insurance	34,473	35,852	37,286	38,778	40,329	49,066	59,696	72,630	107,510
Property Tax	63,364	65,899	68,535	71,276	74,127	90,187	165,976	201,935	298,913
Reserve for Replacements	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
Other	19,640	20,426	21,243	22,092	22,976	27,954	34,010	41,379	61,250
TOTAL EXPENSES	$450,069	$467,673	$485,970	$504,987	$524,751	$635,869	$826,902	$1,002,597	$1,474,574
NET OPERATING INCOME	$346,035	$352,313	$358,616	$364,937	$371,270	$402,865	$377,276	$393,374	$401,495
DEBT SERVICE									
First Lien Financing	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177
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	$79,857	$86,136	$92,438	$98,759	$105,092	$136,687	$111,098	$127,197	$135,318
DEBT COVERAGE RATIO	1.30	1.32	1.35	1.37	1.39	1.51	1.42	1.46	1.51

HTC ALLOCATION ANALYSIS - Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #060199 -- App Perc Inc

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	$1,000,000	$1,000,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$944,874	$944,874	$944,874	$944,874
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$6,008,037	$5,878,076	$6,008,037	$5,878,076
(4) Contractor Fees & General Requirements				
Contractor overhead	$139,058	$136,459	$139,058	$136,459
Contractor profit	$417,175	$409,377	$417,175	$409,377
General requirements	$417,175	$409,377	$417,175	$409,377
(5) Contingencies	$347,646	$341,147	$347,646	$341,147
(6) Eligible Indirect Fees	$682,300	$682,300	$682,300	$682,300
(7) Eligible Financing Fees	$286,500	$286,500	$286,500	$286,500
(8) All Ineligible Costs	$408,648	$408,648		
(9) Developer Fees			$1,386,415	
Developer overhead	$75,000	$181,762		$181,762
Developer fee	$1,311,515	$1,181,454		$1,181,454
(10) Development Reserves	$233,918	$233,918		
TOTAL DEVELOPMENT COSTS	$12,271,846	$12,093,893	$10,629,178	$10,451,327

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$10,629,178	$10,451,327
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,817,932	$13,586,725
Applicable Fraction		95%	95.23%
TOTAL QUALIFIED BASIS		$13,159,492	$12,939,302
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$1,113,293	$1,094,665
Syndication Proceeds	**0.9299**	**$10,352,590**	**$10,179,366**
Total Tax Credits (Eligible Basis Method)		**$1,113,293**	**$1,094,665**
Syndication Proceeds		**$10,352,590**	**$10,179,366**
Requested Tax Credits		**$999,761**	
Syndication Proceeds		**$9,296,848**	
Gap of Syndication Proceeds Needed		**$8,937,805**	
Total Tax Credits (Gap Method)		**$961,150**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 14, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060199

DEVELOPMENT NAME

Legacy Senior Housing of Port Arthur

APPLICANT

Name:	LRG Legacy Senior Housing of Port Arthur, L.P.	**Contact:**	Huelon A. Harrison		
Address:	2560 Cedar Crest Blvd.				
City	Dallas	**State:**	TX	**Zip:**	75203
Phone:	(214) 941-6885	**Fax:**	(214) 337-4256	**Email:**	legacypa@aol.com

KEY PARTICIPANTS

Name:	HHLRG Legacy Senior Housing of Port Arthur, LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	LRG Development, LP	**Title:**	Developer
Name:	Legacy Resource Group	**Title:**	100% Owner of MGP
Name:	Huelon A. Harrison	**Title:**	100% Owner of Legacy Resource Group & Gurantor
Name:	Terri Anderson	**Title:**	Consultant

PROPERTY LOCATION

Location:	3400 Block of Lake Arthur Drive				
City:	Port Arthur			**Zip:**	77642
County:	Jefferson	**Region:**	5	☒ **QCT**	☒ **DDA**

REQUEST

Program	**Amount**	**Interest Rate**	**Amortization**	**Term**
HTC	$1,036,739*	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Elderly	**Other:**	Revised to $999,761

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $961,150 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an acceptable site inspection by TDHCA staff.
2. Receipt, review, and acceptance by carryover of a flood hazard 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 a condition of this report.
3. Receipt, review and acceptance of a revised permanent loan commitment reflecting the addition of $359,041 in principal, deferred developer fee in the same amount or some combination of additional debt or deferred developer fee such that the Underwriter's effective debt coverage ratio is not more than 1.30.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-

evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 126 **# Res Bldgs** 11 **# Non-Res Bldgs** 1 **Age:** N/A yrs

Net Rentable SF: 100,900 **Av Un SF:** 801 **Common Area SF:** 5,750 **Gross Bldg SF:** 106,650

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 74% masonry veneer, and 26% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 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, an ice maker in the refrigerator, a self-cleaning oven, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit and individual water heaters.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 100 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community dining room with kitchen, community laundry room, controlled access gates, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a health screening room, an activity room, a service coordinators office in addition to the leasing offices, a swimming pool.

Uncovered Parking: 100 spaces **Carports:** 0 spaces **Garages:** 50 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Legacy Senior Housing of Port Arthur is a 10.3-unit per acre new construction development located in north central Port Arthur. The development is comprised of nine evenly distributed fourplex style buildings and two elevator-served three story residential buildings as follows:

No. of Buildings	No. of Floors	Eff	1BR	2BR	3BR	4BR
9	1	0	2	2	0	0
2	3	0	22	23	0	0

The development includes a 5,750-square foot community buildings and leasing office which connects to the two three story residential buildings.

SITE ISSUES

SITE DESCRIPTION

Total Size:	12.21 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone AH	**Within 100-year floodplain?**	☒ Yes ☐ No
Current Zoning:	MF-2	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: "The subject location is in the north central sector of Port Arthur, approximately 4 miles northwest of Port Arthur's downtown and about 1.5 miles from the city limits of abutting Nederland. The site is less than one-third mile northeast, on Lake Arthur Dr. from U.S. Hwy. 69/96/287 (Memorial Blvd.), the major route from downtown Port Arthur, through Beaumont, and beyond through Texas into Oklahoma." (p. 2-2)

Adjacent Land Uses:

- **North:** Zaharias Memorial golf course immediately adjacent and vacant land beyond;
- **South:** Lake Arthur Drive immediately adjacent and vacant land currently designated as a bird sanctuary beyond;
- **East:** a single-family residential community know as Park at Lake Arthur is immediately adjacent and vacant land beyond; and
- **West:** a canal is immediately adjacent and the continuation of Zaharias Memorial golf course beyond.

Site Access: "Access will be from Lake Arthur Drive, a neighborhood street connecting to 9th Avenue, which is a thoroughfare leading southeast into Port Arthur's central city or northwest through Nederland." (p. 2-2)

Public Transportation: "Port Arthur Transit offers City wide bus services, including paratransit door-to-door for the elderly and disabled." (p. 2-13)

Shopping & Services: "In terms of access and proximity to comparison goods shopping as well as convenience shopping, to restaurants, hospitals, and churches, the subject property has good access with convenient routes. There is a wide range of goods and services in the area with many small older shops scattered throughout the area and new development to the north in Nederland." (p. 2-15)

Adverse Site Characteristics:

Floodplain: The Site is located in AH which are areas within the 100 year flood plain. According to the 2006 QAP, "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the 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 Rehabilitation, 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 New Construction." Receipt, review, and acceptance by carryover of a flood hazard 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 a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/08/06

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 17, 2006 was prepared by ATC Associates, Inc. and contained the following findings and recommendations:

Findings:

- **Floodplain:** "According to the Flood Insurance Rate Map the project area is located in Zone AH, which is described as special flood hazard areas subject to inundation by the 100-year flood where base flood elevations are shown, but no flood hazard factors have been determined." (p. 20)

Recommendations: "This assessment has revealed no evidence of recognized environmental conditions in connection with the subject property." (p. 21)

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One hundred twenty of the units (95.2% of the total) will be reserved for low-income tenants. Thirteen of the units (10.3%) will be reserved for households earning 30% or less of AMI, one hundred seven units (84.9%) will be reserved for households earning 60% or less of AMI, and the remaining six units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$21,240	$24,300	$27,300	$30,360	$32,760	$35,220

MARKET HIGHLIGHTS

A market feasibility study dated March 6, 2006 was prepared by Ipser & Associated, Inc. ("Market Analyst") and included the following findings:

Definition of Primary Market Area (PMA): "The primary market area is defined by the East Jefferson County Census Divisions (CCD) which encompasses Port Arthur and the adjoining communities of Groves, Nederland and Port Neches." (p. 2-3) This area is defined as Neches River on the northeast, the Gulf of Mexico on the southeast, Galveston city limits on the northwest, and Highway 73 and 214 on the southwest. This area encompasses approximately 132.2 square miles and is equivalent to a circle with a radius of 6.5 miles.

Population: The estimated 2006 senior population of the PMA was 25,266 and is expected to decrease by 3% to approximately 24,511 by 2011. Within the primary market area there were estimated to be 16,469 elderly households in 2006.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 285 qualified senior households in the PMA, based on the current estimate of 16,469 senior households, the projected annual decrease growth rate of less than 1%, senior renter households estimated at 16.3% of the population, senior income-qualified households estimated at 31.8%, and an annual renter turnover rate of 29%. (p. 3-7) The Market Analyst used an income band of $7,110 to $26,400.

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	0	0%	-4	-1.4%
Resident Turnover	247	86.7%	248	87.9%
Other Sources: Section 8 waiting list	38	13.3%	38	13.5%
TOTAL DEMAND	**285**	**100%**	**282**	**100%**

p. 3-7

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 42.1% based upon 285 units of demand and 120 unstabilized affordable housing in the PMA (including the subject) (p. 3-7). The Underwriter agreed with the Market Analyst's capture rate of 42.1%.

Market Rent Comparables: The Market Analyst surveyed five nearby conventional family complexes which have a high percentage of elderly tenants (199 elderly in 840 units, or 24%). (p. 2-22)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (30%) 727 sq.ft.	$214	$285	-$71	$560	-$346
1-Bedroom (60%) 727 sq.ft.	$488	$569	-$81	$560	-$72
1-Bedroom (MR) 727 sq.ft.	$536	N/A	N/A	$560	-$24
1-Bedroom (30%) 733 sq.ft.	$222	$285	-$63	$560	-$338

RENT ANALYSIS (net tenant-paid rents) (cont.d)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%) 733 sq.ft.	$496	$569	-$73	$560	-$64
1-Bedroom (MR) 733 sq.ft,	$544	N/A	N/A	$560	-$16
1-Bedroom (30%) 765 sq.ft.	$238	$285	-$47	$560	-$322
1-Bedroom (60%) 765 sq.ft.	$504	$569	-$65	$560	-$56
1-Bedroom (MR) 765 sq.ft.	$560	N/A	N/A	$560	$0
2-Bedroom (30%) 860 sq.ft.	$276	$342	-$66	$655	-$379
2-Bedroom (60%) 860 sq.ft.	$581	$682	-$101	$655	-$74
2-Bedroom (MR) 860 sq.ft.	$635	N/A	N/A	$655	-$20
2-Bedroom (30%) 863 sq.ft.	$276	$342	-$66	$655	-$379
2-Bedroom (60%) 863 sq.ft.	$581	$682	-$101	$655	-$74
2-Bedroom (MR) 863 sq.ft.	$645	N/A	N/A	$655	-$10

(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: "In a total of 228 units built since 2000, physical occupancy was 95.6% and the economic or leased occupancy was 97.4%." (p. 3-7)

Absorption Projections: "Average absorption for the subject is estimated at 10 to 12 units per month. It is expected that a 10 to 11 month lease-up period will be required to achieve 92.5% occupancy of the 126 units." (p. 3-7)

Other Information: "Waiting lists were found at 10 rental housing locations, for a combined total of 1,143 names, more than half of which were reported at subsidized complexes (703 names). Bear in mind that most waiting lists include previous tenants who evacuated Port Arthur during Hurricane Rita, and homeowners who are unable to return or live in their own homes." (p. 2-20)

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC guidelines, reflecting the Applicant's desire to maintain the affordability of the units. Nevertheless, the effective gross income is $59,015 less than the maximum rents that could be obtained.

Expenses: The Applicant's total annual operating expense projection at $3,442 per unit is within 5% of the Underwriter's estimate of $3,572, derived from the TDHCA database. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly: general and administrative ($14.4K lower), utilities ($21K lower) and repairs and maintenance ($25.7K higher). It should further be noted that the City of Port Arthur has agreed to contribute an annual amount that effectively acts as a rebate of .38 cents per dollar of increased taxable value on the property caused by the improvements planned by the Developer up to $38,000 per year for ten years. This amount was netted against property taxes for the first ten years of the operating proforma.

Conclusion: The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. The Underwriter's analysis suggests the property can support $266,177 in annual debt service. Therefore, the recommended financing structure reflects a increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (12.207) acres	$99,010	**Assessment for the Year of:**	2005
Tax Rate:	3.217912	**Valuation by:**	Jefferson County Appraisal District

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (12.207 acres)		
Contract Expiration:	8/19/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,000,000	**Other:**	Earnest Money: $5,000
Seller:	Lois McKee	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $81,900 per acre or $7,937 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,499 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 $130K or 2.2% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $10,629,178 supports annual tax credits of $1,075,130. 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 FINANCING

Source: Collateral Mortgage Capital, LLC **Contact:** Philip Melton

Principal: $2,975,000 **Interest Rate:** 7.0%, fixed **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

GRANT

Source: The City of Port Arthur **Contact:** Mark Sokolow

Principal: $380,000 **Conditions:**

Documentation: ☐ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: The grant will be paid in ten equal increments of $38,000 over 10 years.

TAX CREDIT SYNDICATION

Source: Hudson Housing Capital **Contact:** Orlando Alfaro

Proceeds: $9,296,844 **Net Syndication Rate:** 93% **Anticipated HTC:** $1,031,125/year

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $22,218 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: Construction and permanent loan financing in the amount of $2,975,000 will be provided by Collateral Mortgage Capital LLC at a rate of 7.0% with an 18 year term and 30 year amortization. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the loan amount is stated as $2,175,000 and needs to be updated.

Funding by Local Political Subdivision: The City of Port Arthur has agreed to pay to Legacy Senior Housing of Port Arthur, LP, the lesser of $38,000 per year or .38 per cent of the increased taxable value on the property caused by the construction, for the time period commencing on January 1st of the year that the apartment complex has received its certificate of occupancy and for ten years thereafter. The total funds to be paid by the city shall not exceed $380,000. Due to the fact that the $380,000 will be paid over a ten year period and not in a one lump sum this figure has been removed from the source of funds and just considered as a net reduction to operating expenses.

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 are stated as $9,588,505.

Financing Conclusions: As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount of $359,041 to $3,334,041 based on the terms reflected in the application materials. Receipt, review and acceptance of a revised permanent loan commitment reflecting the additional principal or initial after conversion deferred developer fee in the same amount or some combination of additional debt and deferred developer fee in the same amount which allows the Underwriter's effective debt coverage ratio to be not more than 1.30, is a condition of this report. As a result the development's gap in financing will decrease. The Applicant's total development cost estimate less the permanent loan of $3,334,041 indicates the need for $8,937,805 in gap funds. Based on the submitted syndication rate of $93%, a tax credit allocation of $961,150 annually would be required to fill this gap in financing. The syndication rate proposed in the commitment is on the low side of current credit prices. If the final syndication rate were to increase at all, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, and supportive services provider 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.
- The principal of the General Partner, Huelon Harrison, submitted an unaudited financial statement as of January 15, 2006 and is anticipated to be guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income, operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant location risks exist regarding the flood zone designation of AH.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the

maximum tax credit rents can be achieved in this market.

- The 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:**	July 14, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	July 14, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #060199

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC (30%)	4	1	1	727	$285	$248	$992	$0.34	$37.00	$32.00
TC (60%)	27	1	1	727	569	532	14,364	0.73	37.00	32.00
MR	1	1	1	727	N/A	536	536	0.74	37.00	32.00
TC (30%)	1	1	1	733	285	248	248	0.34	37.00	32.00
TC (60%)	10	1	1	733	569	532	5,320	0.73	37.00	32.00
MR	1	1	1	733	N/A	544	544	0.74	37.00	32.00
TC (30%)	2	1	1	765	285	248	496	0.32	37.00	32.00
TC (60%)	15	1	1	765	569	532	7,980	0.70	37.00	32.00
MR	1	1	1	765	N/A	560	560	0.73	44.00	36.00
TC (30%)	5	2	1	860	342	298	1,490	0.35	44.00	36.00
TC (60%)	47	2	1	860	682	638	29,986	0.74	44.00	36.00
MR	2	2	1	860	N/A	635	1,270	0.74	44.00	36.00
TC (30%)	1	2	1	863	342	298	298	0.35	44.00	36.00
TC (60%)	8	2	1	863	682	638	5,104	0.74	44.00	36.00
MR	1	2	1	863	N/A	655	655	0.76	44.00	36.00
TOTAL:	126		AVERAGE:	801	#VALUE!	$554	$69,843	$0.69	$40.61	$34.06

INCOME				TDHCA	APPLICANT			
Total Net Rentable Sq Ft: 100,900						Comptroller's Region	5	
POTENTIAL GROSS RENT				$838,116	$774,312		IREM Region	
Secondary Income		Per Unit Per Month:	$14.90	22,536	22,536	$14.90	Per Unit Per Month	
Other Support Income: (describe)				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$860,652	$796,848			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(64,549)	(59,760)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$796,103	$737,088			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.90%	$373	0.47	$46,960	$32,540	$0.32	$258	4.41%
Management	5.00%	316	0.39	39,805	44,226	0.44	351	6.00%
Payroll & Payroll Tax	13.22%	835	1.04	105,254	97,200	0.96	771	13.19%
Repairs & Maintenance	5.44%	344	0.43	43,312	68,980	0.68	547	9.36%
Utilities	4.50%	284	0.35	35,803	14,616	0.14	116	1.98%
Water, Sewer, & Trash	4.55%	288	0.36	36,257	31,500	0.31	250	4.27%
Property Insurance	4.33%	274	0.34	34,473	39,250	0.39	312	5.33%
Property Tax 3.217912	7.96%	503	0.63	63,364	57,960	0.57	460	7.86%
Reserve for Replacements	3.17%	200	0.25	25,200	28,980	0.29	230	3.93%
Other: compl fees	2.47%	156	0.19	19,640	18,380	0.18	146	2.49%
TOTAL EXPENSES	56.53%	$3,572	$4.46	$450,069	$433,632	$4.30	$3,442	58.83%
NET OPERATING INC	43.47%	$2,746	$3.43	$346,035	$303,456	$3.01	$2,408	41.17%
DEBT SERVICE								
Collateral Mortgage Capital	29.83%	$1,885	$2.35	$237,513	$237,513	$2.35	$1,885	32.22%
0	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	13.63%	$861	$1.08	$108,522	$65,943	$0.65	$523	8.95%
AGGREGATE DEBT COVERAGE RATIO				1.46	1.28			
RECOMMENDED DEBT COVERAGE RATIO				1.30				

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)		8.27%	$7,937	$9.91	$1,000,000	$1,000,000	$9.91	$7,937	8.15%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.81%	7,499	9.36	944,874	944,874	9.36	7,499	7.70%
Direct Construction		48.60%	46,651	58.26	5,878,076	6,008,037	59.54	47,683	48.96%
Contingency	5.00%	2.82%	2,708	3.38	341,147	347,646	3.45	2,759	2.83%
General Req'ts	6.00%	3.38%	3,249	4.06	409,377	417,175	4.13	3,311	3.40%
Contractor's G & A	2.00%	1.13%	1,083	1.35	136,459	139,058	1.38	1,104	1.13%
Contractor's Profit	6.00%	3.38%	3,249	4.06	409,377	417,175	4.13	3,311	3.40%
Indirect Construction		5.64%	5,415	6.76	682,300	682,300	6.76	5,415	5.56%
Ineligible Costs		3.38%	3,243	4.05	408,648	408,648	4.05	3,243	3.33%
Developer's G & A	2.00%	1.50%	1,443	1.80	181,762	75,000	0.74	595	0.61%
Developer's Profit	13.00%	9.77%	9,377	11.71	1,181,454	1,311,515	13.00	10,409	10.69%
Interim Financing		2.37%	2,274	2.84	286,500	286,500	2.84	2,274	2.33%
Reserves		1.93%	1,856	2.32	233,918	233,918	2.32	1,856	1.91%
TOTAL COST		100.00%	$95,983	$119.86	$12,093,893	$12,271,846	$121.62	$97,396	100.00%
Construction Cost Recap		*67.14%*	*$64,439*	*$80.47*	*$8,119,310*	*$8,273,965*	*$82.00*	*$65,666*	*67.42%*
					2006 QAP §50.9(I)(8) points awarded for costs less than		*$82.00*	*per square foot*	

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Collateral Mortgage Capital	24.60%	$23,611	$29.48	$2,975,000	$2,975,000	$3,334,041	Developer Fee Available
	0.00%	$0	$0.00	0		0	$1,386,415
HTC Syndication Proceeds	76.87%	$73,784	$92.14	9,296,844	9,296,844	8,937,805	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	2	2		0%
Additional (Excess) Funds Req'd	-1.47%	($1,412)	($1.76)	(177,953)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,093,893	$12,271,846	$12,271,846	$1,686,195

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #060199

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.98	$5,143,425
Adjustments				
Exterior Wall Finish	5.92%		$3.02	$304,491
Elderly/9-Ft. Ceilings	3.00%		1.53	154,303
Roofing			0.00	0
Subfloor			(0.93)	(93,395)
Floor Cover			2.22	223,998
Porches/Balconies	$18.15	3,168	0.57	57,499
Plumbing	$680	0	0.00	0
Built-In Appliances	$1,675	126	2.09	211,050
Stairs/Fireplaces	$1,900	10	0.19	19,000
Enclosed Corridors	$41.06	18900	7.69	775,948
Heating/Cooling			1.73	174,557
Garages/Carports	$26.73	14,112	3.74	377,214
Comm &/or Aux Bldgs	$62.56	5,750	3.57	359,727
Other: Elevators	$52,750	3	1.57	158,250
SUBTOTAL			77.96	7,866,067
Current Cost Multiplier	1.03		2.34	235,982
Local Multiplier	0.89		(8.58)	(865,267)
TOTAL DIRECT CONSTRUCTION COSTS			$71.72	$7,236,782
Plans, specs, survy, bld prm	3.90%		($2.80)	($282,234)
Interim Construction Interes	3.38%		(2.42)	(244,241)
Contractor's OH & Profit	11.50%		(8.25)	(832,230)
NET DIRECT CONSTRUCTION COSTS			$58.26	$5,878,076

PAYMENT COMPUTATION

Primary	$2,975,000	Amort	360
Int Rate	7.00%	DCR	1.46

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.46

Additional		Amort	
Int Rate		Aggregate DCR	1.46

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$266,177
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$79,857

Primary	$3,334,041	Amort	360
Int Rate	7.00%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

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	$838,116	$863,259	$889,157	$915,832	$943,307	$1,093,551	$1,267,726	$1,469,641	$1,975,075
Secondary Income	22,536	23,212	23,908	24,626	25,364	29,404	34,088	39,517	53,108
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	860,652	886,472	913,066	940,458	968,671	1,122,956	1,301,813	1,509,158	2,028,183
Vacancy & Collection Loss	(64,549)	(66,486)	(68,480)	(70,534)	(72,650)	(84,222)	(97,636)	(113,187)	(152,114)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$796,103	$819,986	$844,586	$869,923	$896,021	$1,038,734	$1,204,177	$1,395,972	$1,876,069
EXPENSES at 4.00%									
General & Administrative	$46,960	$48,839	$50,792	$52,824	$54,937	$66,839	$81,320	$98,938	$146,452
Management	39,605	40,999	42,229	43,496	44,801	51,937	60,209	69,799	93,803
Payroll & Payroll Tax	105,254	109,464	113,843	118,397	123,132	149,809	182,266	221,755	328,251
Repairs & Maintenance	43,312	45,044	46,846	48,720	50,669	61,646	75,002	91,251	135,074
Utilities	35,803	37,235	38,724	40,273	41,884	50,958	61,998	75,430	111,656
Water, Sewer & Trash	36,257	37,708	39,216	40,785	42,418	51,606	62,786	76,389	113,074
Insurance	34,473	35,852	37,286	38,778	40,329	49,066	59,696	72,630	107,510
Property Tax	63,364	65,899	68,535	71,276	74,127	90,187	165,976	201,935	298,913
Reserve for Replacements	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
Other	19,640	20,426	21,243	22,092	22,976	27,954	34,010	41,379	61,250
TOTAL EXPENSES	$450,069	$467,673	$485,970	$504,987	$524,751	$635,869	$826,902	$1,002,597	$1,474,574
NET OPERATING INCOME	$346,035	$352,313	$358,616	$364,937	$371,270	$402,865	$377,276	$393,374	$401,495
DEBT SERVICE									
First Lien Financing	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177	$266,177
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	$79,857	$86,136	$92,438	$98,759	$105,092	$136,687	$111,098	$127,197	$135,318
DEBT COVERAGE RATIO	1.30	1.32	1.35	1.37	1.39	1.51	1.42	1.48	1.51

HTC ALLOCATION ANALYSIS - Legacy Senior Housing of Port Arthur, Port Arthur, 9% HTC #06019

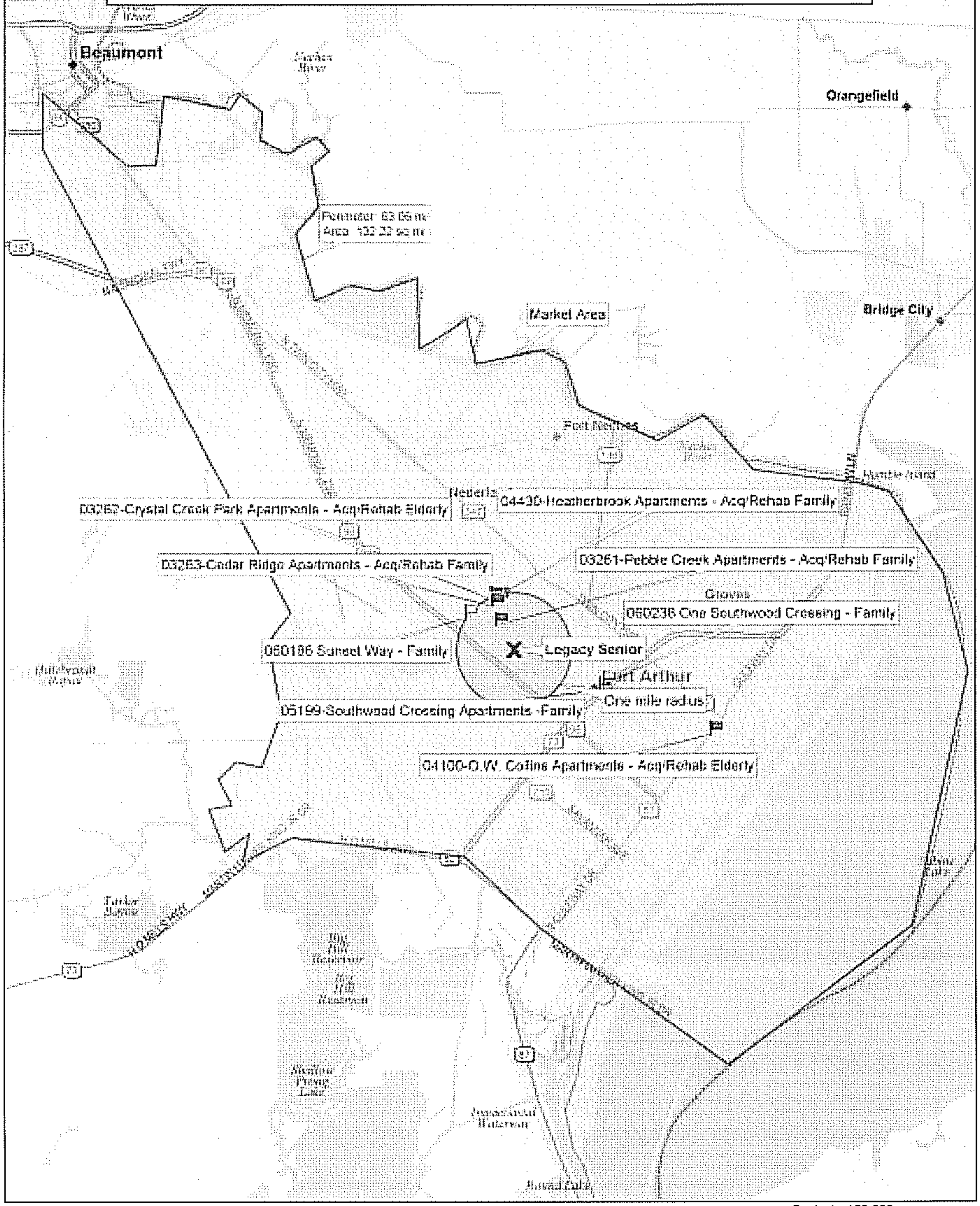
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,000,000	$1,000,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$944,874	$944,874	$944,874	$944,874
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$6,008,037	$5,878,076	$6,008,037	$5,878,076
(4) Contractor Fees & General Requirements				
Contractor overhead	$139,058	$136,459	$139,058	$136,459
Contractor profit	$417,175	$409,377	$417,175	$409,377
General requirements	$417,175	$409,377	$417,175	$409,377
(5) Contingencies	$347,646	$341,147	$347,646	$341,147
(6) Eligible Indirect Fees	$682,300	$682,300	$682,300	$682,300
(7) Eligible Financing Fees	$286,500	$286,500	$286,500	$286,500
(8) All Ineligible Costs	$408,648	$408,648		
(9) Developer Fees			$1,386,415	
Developer overhead	$75,000	$181,762		$181,762
Developer fee	$1,311,515	$1,181,454		$1,181,454
(10) Development Reserves	$233,918	$233,918		
TOTAL DEVELOPMENT COSTS	$12,271,846	$12,093,893	$10,629,178	$10,451,327

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$10,629,178	$10,451,327
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,817,932	$13,586,725
Applicable Fraction		95%	95.23%
TOTAL QUALIFIED BASIS		$13,159,492	$12,939,302
Applicable Percentage		8.17%	8.17%
TOTAL AMOUNT OF TAX CREDITS		$1,075,130	$1,057,141
Syndication Proceeds	**0.9299**	**$9,997,714**	**$9,830,428**
Total Tax Credits (Eligible Basis Method)		**$1,075,130**	**$1,057,141**
Syndication Proceeds		**$9,997,714**	**$9,830,428**
Requested Tax Credits		**$999,761**	
Syndication Proceeds		**$9,296,848**	
Gap of Syndication Proceeds Needed		**$8,937,805**	
Total Tax Credits (Gap Method)		**$961,150**	

DeLORME

Street Atlas USA® 2006

Legacy Senior Housing of Port Arthur



TN
MN (3.0°E)

Scale 1 : 150,000
1" = 2.37 mi
Data Zoom 10-4

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
August 30, 2006

Action Item

Five requests for amendments that involve material changes to Housing Tax Credit (HTC) applications are summarized below. Three of the requests concern a second hearing and reconsideration of the decision made on June 26 regarding amendments. The remaining two requests are presented here for the first time.

Requested Action

For the first three requests, the Board is asked to reconsider its initial determination to approve changes regarding two of the developments below and to deny the request related to the third development. For the remaining two requests, the Board is asked to approve, deny or approve with amendments the applicant's request.

Background and Recommendations

§2306.6712, Texas Government Code, classifies some changes as "material alterations" that must be approved by the Board. The requests presented below include material alterations. The code indicates that the Board should determine the disposition of a requested amendment if the amendment is a material alteration, would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

Limitations on the Approval of Amendment Requests

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board's purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

Summary of the Requests Regarding 00005, 00054 and 00144, Below

On May 4, 2006, consistent with the recommendation of staff, the Board approved requests to transfer the general partner interests of 00005, LBJ Garden Villas and 00144, Sycamore Pointe Townhomes and denied a request to transfer the general partner interest in the third development, 00054, Hunter's Glen Townhomes. At the June 26, 2006 Board meeting, the Board directed staff to bring these items for reconsideration in response to a request from Glenn Lynch on behalf of the Applicant.

The three requests referenced above are from three different ownership entities but all requesting approval for transfers of their general partner interests to the same third-party Community Housing Development Organization (CHDO), Operation Relief Community Development Organization (ORCDC). Although the transfers were found to be acceptable under the Department's review of previous participation and financial position, two issues existed that prevented the Department's approval of the requests. First, the credit allocations of the combined developments exceed the $1.8 million limit per applicant in a single year that is required by the 2000 Qualified Allocation Plan and Rules (QAP). Second, the application of each development scored five points for the participation of a Historically Underutilized Business (HUB) as a majority general partner and the points would not be replaced under the current proposal.

With respect to the first issue, §2306, Texas Government Code and §50.6(d) of the 2006 QAP, respectively, state the following:

§2306.6711. Allocation of Housing Tax Credits

(b) Not later than the deadline specified in the qualified allocation plan, the board shall issue commitments for available housing tax credits based on the application evaluation process provided by Section 2306.6710. The board may not allocate to an applicant housing tax credits in any unnecessary amount, as determined by the department's underwriting policy and by federal law, and in any event may not allocate to the applicant housing tax credits in an amount greater than $2 million in a single application round .

2006 QAP, §50.17(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. …

(3) As it relates to the Credit Cap further described in §50.6(d) of this section [below], 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.

2006 QAP, §50.6(d) Credit Amount.

… 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 2006 calendar year, including commitments from the 2006 Credit Ceiling and forward commitments from the 2007 Credit Ceiling, are applied to the credit cap limitation for the 2006 Application Round. … Tax-Exempt Bond Development Applications are not subject to these Housing Tax Credit limitations, and 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.

The statute is clear in placing limits on awards to a single applicant at the time of the application round. However, the intended duration of the limits is not apparent in the statute. Continuing the duration indefinitely and applying the limit to transfers could impede the efficient operation of a development. There is no readily apparent intention in the rule beyond assuring effective competition during the application round.

The Department therefore believed that it was appropriate to consider transfers that involve exceeding the credit limit in some cases and the 2006 QAP reflects that belief. Please note that two of the three transfers below could be accomplished without violating the credit limit; the Board may also have a basis for approving all three requests if desired. A discussion of the HUB issue is given case by case below.

<u>LBJ Garden Villas, HTC No. 00005, formerly 99054, a forward commitment from 1999</u>

<u>Summary of Request</u>: This development scored 87 points with the five HUB points. Without the five points, the development would have scored at least one point lower than the lowest scoring developments that received awards in the same (general) set-aside but staff cannot confirm a determination that the development would have received a forward commitment with five less points. It should be noted, however, that under the ownership that is currently proposed, the development would have been eligible for an award from the nonprofit set-aside. In that set-aside, the development would have scored higher without the HUB points than both developments that received allocations from the subject region in 1999.

Governing Law:	§2306.6712, Texas Government Code. The requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes, and other applicable statutory requirements remain effective despite the approval of an amendment request.
Owner:	LBJ Garden Villas, Ltd.
General Partner:	Diva Enterprises, Inc. (HUB)
Developer:	Diva Enterprises, Inc.
Principals/Interested Parties:	Patsy Lynch (51% of GP); Glenn Lynch (49% of GP)
Syndicator:	Red Capital
Construction Lender:	BankOne
Permanent Lender:	Federal Mortgage Assistance Corporation
Other Funding:	NA
City/County:	Mesquite/Dallas
Set-Aside:	General Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	156 HTC units and 52 market rate units
2000 Allocation:	$804,680
Allocation per HTC Unit:	$5,158
Prior Board Actions:	7/99 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Final recommendation on the third development narrative.**

<u>Hunter's Glen Townhomes, HTC No. 00054</u>

<u>Summary of Request</u>: This development scored 97 points with the HUB points and would have scored 92 points without them. At the lower score, the development would still have exceeded the score of one development that received an allocation in the subject region and would have equaled the score of another.

Governing Law:	§2306.6712, Texas Government Code. The requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes, and other applicable statutory requirements remain effective despite the approval of an amendment request.
Owner:	Hunter's Glen Townhomes, L.P.
General Partner:	Cameo Development, Inc. (HUB)
Developer:	Cameo Development, Inc.
Principals/Interested Parties:	Marylyn G. Leonard (51% of GP); David T. Leonard (49% of GP)
Syndicator:	Enterprise Social Investment Corporation
Construction Lender:	Chase Bank

Permanent Lender:	Federal Mortgage Assistance Corporation
Other Funding:	NA
City/County:	San Antonio/Bexar
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	108 HTC units and 36 market rate units
2000 Allocation:	$929,287
Allocation per HTC Unit:	$8,605
Prior Board Actions:	7/00 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Final recommendation on the third development narrative.**

Sycamore Pointe Townhomes, HTC No. 00144

Summary of Request: It does not appear that this development would have scored high enough without the HUB points to have received an award in the general set-aside. Under the current proposal, the development would have been eligible to apply in the Nonprofit Set-Aside and would have exceeded the score of one development and equaled the score of another that received awards from this set-aside. There were no allocations from the Nonprofit Set-Aside to the subject region.

Governing Law:	§2306.6712, Texas Government Code. The requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes, and other applicable statutory requirements remain effective despite the approval of an amendment request.
Owner:	Sycamore Pointe Townhomes, L.P.
General Partner:	Provident Homes, Inc. (HUB)
Developer:	Provident Homes, Inc.
Principals/Interested Parties:	Leona Cox (51% of GP); Bobby Cox (49% of GP)
Syndicator:	Enterprise Social Investment Corporation
Construction Lender:	Chase Bank
Permanent Lender:	Federal Mortgage Assistance Corporation
Other Funding:	NA
City/County:	Fort Worth/Tarrant
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	126 HTC units and 42 market rate units
2000 Allocation:	$989,925
Allocation per HTC Unit:	$7,857
Prior Board Actions:	7/00 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Staff recommends that the Board approve two of the transfers (LBJ Garden Villas and Sycamore Pointe Townhomes) and deny the transfer of Hunter's Glen Townhomes to avoid exceeding the credit limit cap of $1.8 million imposed by the 2000 Qualified Allocation Plan and Rules.**

<u>Evergreen at Hulen Bend, HTC No. 02441</u>

<u>Summary of Request</u>: The owner requests approval for six two-bedroom units that have studies, to be operated as three-bedroom units. The request states that the reason for the change is to correct an error in the application. In the application, the six units were represented as two-bedroom units with "studies." The studies were proposed to be eight and a half feet by ten feet with double doors to an adjoining bedroom in addition to a single door to a hall. The "studies," like the bedrooms, had closets. The rents for the subject units were proposed to be the maximum 50% rents for two-bedroom units. The foregoing representations were reflected by the application rent schedule and the Department's underwriting report. The underwriting report specified in the narrative that the units with studies were two bedroom units.

As a 2002 tax-exempt bond development, this apartment complex does not appear to be subject to the usual restriction against the inclusion of three-bedroom units in developments for elderly tenants. The 2002 Qualified Allocation Plan (QAP) specifically exempted bond developments from the requirements of the Selection section. In the subject QAP, the rule prohibiting the presence of three-bedroom units in developments for the elderly was not mentioned except in the Selection section.

The unit sizes of the development were above the minimum sizes of 550 square feet for one-bedroom units and 650 square feet for two-bedroom units in elderly developments. The units were built larger than the application proposed, with the six two-bedroom/study (three-bedroom) units increased from 1,025 to 1,072 square feet. The remaining two-bedroom units increased from 843 to 894 square feet and one-bedroom units increased from 750 to 788 square feet. The total size of the development increased from 189,258 to 200,862, or slightly over six percent.

Governing Law:	§2306.6712, Texas Government Code. A modification of the bedroom mix of units is a material alteration under the code. The requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes, and other applicable statutory requirements remain effective despite the approval of any amendment request.
Owner:	MAEDC-Hulen Bend Senior Community, L.P.
General Partner:	MAEDC-Hulen Bend GP, LLC
Developers:	Abby-TAC Texas
Principals/Interested Parties:	Maple Avenue Economic Development Corporation, Brad Forslund
Syndicator:	MMA Financial
Construction Lender:	GMAC Commercial Holding Capital Corp.
Permanent Lender:	MMA Financial
Other Funding:	Tax-Exempt Bond Financing
City/County:	Fort Worth/Tarrant
Set-Aside:	Tax-Exempt Bond Financing
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	237 HTC Units
2002 Allocation:	$520,464
Allocation per HTC Unit:	$2,196
Prior Board Actions:	10/02 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Staff recommends denying the request. The requested modification would allow the application of three bedroom rents to the units with "studies." The use of these higher rents would be contrary to the original underwriting which was performed with the understanding that the units with studies would be operated as two bedroom units.**

HTC No. 00114, The Haven

Summary of Request: The applicant, Twin City Mission, Inc. (TCM), requested approval to eliminate the provision of the land use restrictive agreement that restricted 100% of the development to use as transitional housing for the homeless. The application scored fifteen points for committing to the restriction. In underwriting the application, the Department noted that the rental assistance available to support the development was short term and temporary. Therefore, a condition of the award required the applicant's board of directors to submit a resolution encumbering its assets, as necessary on an annual basis, to guarantee coverage of the operating expenses and debt service and to fund any operating deficits for at least 30 years. The condition specified $110,186 as the annual amount to be covered by the resolution. To fulfill the requirement, the TCM board resolved on November 13, 2000 to obligate itself to loans to the development owner as necessary to keep the development financially feasible for 30 years or until TCM was removed as the general partner.

To date, the development has been receiving HOME Tenant Based Rental Assistance (TBRA) from the Department but has become ineligible for the funding because of the recent creation of Brazos Valley Housing Consortium (Consortium), an affiliate of the Brazos Valley Council of Governments. TCM must now apply for funding through the Consortium. TCM approached the Consortium for assistance however the Consortium does not have any vouchers available at this time. TCM also explored funding through HUD, but has found none to date that it would be eligible to receive. TCM is unable to generate the funds associated with their original resolution.

If the restrictions are not removed from the subject development, foreclosure appears to be likely and the amount of the tax credit allocation appears to offer no effective incentive to preserve the affordability of the development as transitional housing. Regarding the credits, $150,353 for the four years already used, equals $601,412; and $150,353 for the six remaining years, discounted to the present at 6%, equals $739,334; thus, the total value of the credits is approximately $1,340,746. This amount is less than the present value of the estimated operating subsidy required to make the development's operations feasible. The present value of the required annual subsidy to 12/31/2030, when the affordability period ends, is $110,186 annually discounted at 6% for 26 years equals $1,432,767, or about $92,000 more than the value of the credits. Forms 8609 were issued March 6, 2002.

Without the fifteen points for transitional housing, the subject application would have only scored 78 points and apparently would not have received an award.

Governing Law:	§2306.6712, Texas Government Code. The code indicates that a modification of a development that would have adversely affected the selection of the application in the application round is a material alteration.
Owner:	TCM Haven, Ltd.
General Partner:	Twin City Mission Housing Services, Inc.
Developers:	Emanuel H. Glockzin, Jr.
Principals/Interested Parties:	Emanuel Glockzin is the developer and a member of the TCM board; Doug Weedon, Executive Director of TCM
Syndicator:	WNC & Associates, Inc.
Construction Lender:	First National Bank of Bryan
Permanent Lender:	First National Bank of Bryan
Other Funding:	NA
City/County:	College Station/Brazos
Set-Aside:	General
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Homeless (Transitional Housing)

Units:	24 HTC units
2000 Allocation:	$150,353
Allocation per HTC Unit:	$6,265
Prior Board Actions:	7/00 – Approved award of tax credits
Underwriting Reevaluation:	To be determined
Staff Recommendation:	**Staff recommends the Board deny the request because the development would not have received an award due to score and because the applicant provided a resolution at the time of underwriting indicating their ability to fund this deficit if just such a scenario occurred.**

HTC No. 00005
HTC No. 00054
HTC No. 00144

GLENN LYNCH COMPANIES, INC.

115 Sweetwater Drive, Weatherford, Texas 76086
Tel (817) 341-1378 Fax (817) 341-1391

December 15, 2005

Mr. Ben Sheppard
Texas Department of Housing & Community Affairs ("TDHCA")
507 Sabine Street, Suite 400 LIHTC Program
P. O. Box 13941, Austin, Texas 78711-3941

Re: Letter of Explanation and Request for Changes to
(a) Change of Ownership of General Partner, and
(b) Admitting a Special Class B Limited Partner for the following:
LBJ GARDEN VILLAS, LTD., TDHCA #: 99054 9% Allocation
SYCAMORE POITE TOWNHOMES, L.P., TDHCA #: 00144 9% Allocation
HUNTER'S GLEN TOWNHOMES, L.P., TDHCA #: 00054 9% Allocation
CYPRESS VIEW VILLAS, L.P., TDHCA #: 02483 Bond Allocation
ALEMEDA VILLAS, L.P., TDHCA #: 02485 Bond Allocation

Dear Mr. Sheppard:

This letter is to request TDHCA's approval of the transfer of all the shares of stock of the current General Partner, to a Non-Profit entity, Operation Relief Center, Inc., dba Operation Relief Community Development Corporation (herein "ORCDC"), being a 501(c)(3) Non-Profit CHDO.

Due to personal changes and a desire to follow God's will in my life, I have come to the decision to reduce my personal activity in the real estate business. Based on this fact, I have been looking for a non-profit to work with regarding the developments I have constructed, owned and/or managed. In seeking to follow the requirements of the QAP to transfer the interests at current existing debt, it is our desire to insure the properties are transferred to a non-profit organization which has a heart for people and a desire to people's lives improved.

Therefore, the current owners of the referenced developments as described below, and I have decided to work with Mr. Sherman Roberts and the people at Operation Relief Community Development Corporation of Dallas, Texas on the above referenced tax credit developments.

However, due to the lender requirements and personal guarantees which are necessary, the current owners will remain involved by the admission of a Special Class B Limited Partner to the Partnership for the purpose of furnishing guarantees to the lenders and investor limited partners.

Please note that we are asking for a waiver of the credit limit allocation for the year 2000 as regarding ORCDC because transferring these properties will exceed the Tax Credit Limit for that year. However, we will be in compliance with the LURA requirements that developments should preferentially be transferred to a non-profit entity.

The following is a summary of the proposed changes:

HTC No. 00005
HTC No. 00054
HTC No. 00144

Entity	Current Owners - % Int.		Proposed New Owners - % Int.
A. LBJ GARDEN VILLAS, LTD – TDHCA#: 99054:			
1. DIVA ENTERPRISES, INC. General Partner	Patsy R. Lynch Glenn W. Lynch	51.00 % 49.00 %	Operation Relief Center, Inc. – 100% dba Operation Relief Community Development Corporation TIN: 75-2388693
2. CPTH SLP, LLC. To Be Admitted as Special Class B Limited Partner TIN: 20-2871794	N. A.		Glenn W. Lynch 100.00 %
B. SYCAMORE POINTE TOWNHOMES, L.P. – TDHCA#: 00144:			
1. PROVIDENT HOMES, INC. General Partner	Leona Cox Bobby D. Cox	49.00 % 51.00 %	Operation Relief Center, Inc. – 100% dba Operation Relief Community Development Corporation TIN: 75-2388693
2. SPTH SLP, LLC. (To Be Formed) To Be Admitted as Special Class B Limited Partner TIN:	N. A.		Glenn W. Lynch 100.00 %
C. HUNTER'S GLEN TOWNHOMES, L.P. – TDHCA#: 00054:			
1. CAMEO DEVELOPMENT, INC. General Partner	Marylyn Leonard David Leonard	51.00 % 49.00 %	Operation Relief Center, Inc. – 100% dba Operation Relief Community Development Corporation TIN: 75-2388693
2. HGTH SLP, LLC. (To Be Formed) To Be Admitted as Special Class B Limited Partner TIN:	N. A.		Glenn W. Lynch 100.00 %
D. CYPRESS VIEW VILLAS, L.P. – TDHCA#: 02483:			
1. CYPRESS VIEW GENERAL, INC. General Partner	Glenn W, Lynch	100.00%	Operation Relief Center, Inc. – 100% dba Operation Relief Community Development Corporation TIN: 75-2388693
2. CPTH SLP, LLC. To Be Admitted as Special Class B Limited Partner TIN: 20-2871794	N. A.		Glenn W. Lynch 100.00 %

HTC No. 00005
HTC No. 00054
HTC No. 00144

Entity	Current Owners - % Int.	Proposed New Owners - % Int.
E. ALEMEDA VILLAS, L.P. – TDHCA#: 02485:		
1. ALEMEDA GENERAL, INC. General Partner	Glenn W. Lynch 100.00 %	Operation Relief Center, Inc. – 100% dba Operation Relief Community Development Corporation TIN: 75-2388693
2. CPTH SLP, LLC. To Be Admitted as Special Class B Limited Partner TIN: 20-2871794	N. A.	Glenn W. Lynch 100.00 %

Please do not hesitate to call me at (817) 341-1378 if you have any questions or need additional information. As we have managed the properties for some of the other owners, Cox & Leonard, they have also agreed to transfer their interests to ORCDC. Please Note that Glenn W. Lynch is assuming all of the guarantees through the to be admitted Special Limited Partner LLC's and assuming and replacing the guarantees of Cox on Sycamore Pointe Townhomes L.P. and of Leonard on Hunter's Glen Townhomes, L.P. Please also note that the Credit Cap as it relates to ORCDC acquiring the General Partner interests in Hunter's Townhomes, L.P. TDHCA# 00054 and Sycamore Pointe Townhomes, L.P. TDHCA# 00144 is not to be applied to these transactions, because the provisions of Section 50.17(e)(3)(B) in the 2006 QAP is applicable to these transfers. Thank you for your assistance.

Sincerely,

Glenn W. Lynch

HTC No. 02441

Churchill
RESIDENTIAL

August 14, 2006

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Evergreen at Hulen Bend – Application Amendment #2 –TDHCA #02441

Dear Mr. Sheppard:

This letter is a follow up to our Request for Application Amendment #2. We are requesting to be placed on the August 30, 2006 TDHCA Board agenda.

The original application, dated August, 2002, included an unit mix comprising 125 750 square foot two bedroom one bath units and 112 843 square foot two bedroom one bath units. This unit mix was revised on September 6, 2002 (Deficiency Response Letter from William Walter, Coats Rose to Shannon Roth, TDHCA) to include 6 1,025 square foot two bedroom one bath units and reduce the number of the 843 square foot units by the same amount. Subsequent to this date, the unit mix was revised to include 114 788 square foot two bedroom one bath units, 117 894 square foot two bedroom one bath units and 6 1,072 three bedroom two bath units. This change was never communicated to the TDHCA. It was however underwritten by the lender and tax credit investor.

In addition to the original request we are seeking approval for the final square footages due to the above changes. The net rentable area in the underwriting was 189,258 and the final is 200,862 or an increase of 6%. The square footage of the clubhouse was 7,500 in the underwriting and the final is 7,965 or an increase of 6%.

Sincerely,

Brad Forslund

Enclosures –April 19, 2006 Letter to Ben Sheppard

5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038 972-550-7800 fax 972-550-7900
www.churchillresidential.com

HTC No. 00114

Twin City Mission

"Providing a home for the homeless, being a friend to the friendless and giving hope to the hopeless."

2505 S. College Ave.
Bryan, TX 77801
(979) 822-7511

www.twincitymission.org

PO Box 3490
Bryan, TX 77805
FAX: (979) 822-2674

The Bridge
Housing Services
Support Services
Phoebe's Home
STAR Program
Community Support Services

June 22, 2006

Texas Department of Housing and Community Affairs
Attn: Ben Sheppard, Multifamily Finance Production
P.O. Box 13941
Austin, TX 78711-3941

RE: TDHCA Contract #00114 – Request for Application Amendment for The **Haven Project**

Dear Mr. Sheppard:

On behalf of TCM Haven, Ltd., I would like to request approval for the following change as an amendment to our application:

- Removal of the Land Use Restriction requiring "Transitional Housing for the Homeless". (See Appendix A – Additional Use Restrictions.)

We would like to request this change for the following reasons:

- Effective March 31, 2007, Twin City Mission, Inc. will no longer have access to funds from TDHCA for tenant-based rental assistance (TBRA), since, in our geographic area, the formation of the Brazos Valley Housing Consortium (with services funded through TDHCA) has eliminated our eligibility to apply for or receive further funding beyond that time.

- Although The Haven has operated successfully and according to the original application for the past six years, our ability to successfully provide transitional housing at The Haven property location under the current conditions has now been significantly compromised as a result of this development. This further necessitates our request for an amendment to the application.

- Although the current arrangement was originally identified by the TDHCA underwriter as potentially high-risk due to the unpredictability of futureTBRA funding, it was also suggested that if the project were to be restructured to become a traditional multifamily development, targeting transitional homeless as rental assistance vouchers became available, then the project would continue to appear to be financially feasible. This change could also ensure the continuing availability of the units as a resource to persons who are homeless and/or with low-incomes in this geographic area.

HTC No. 00114

- Recently, the local Section 8 waiting list was opened (after many months of being closed) and many people are being processed onto that program. This is apparently due, in part, to hurricane evacuation funds being made available in our geographic area. Many of the people in our Haven property want to leave our transitional housing program early for what they believe is a short-term, limited opportunity to receive a Section 8 voucher and thus secure a more permanent housing arrangement.

- The Brazos Valley received many evacuees during Hurricanes Katrina and Rita and our community was impacted in a great number of ways, including decreasing available and accessible housing for the previously existing local homeless population.

- Finally, because Twin City Mission is firmly committed to assisting people out of homelessness, we are pursuing every opportunity to ensure that any possible option is explored in an effort to retain our ability to do so effectively.

Substitute features that will be installed to compensate for the loss of any features associated with Threshold, Selection or other representations of the application:

- Twin City Mission would continue to provide Supportive Services to homeless persons in obtaining permanent housing. In fact, as a result of recent approval of HUD funds, these services are currently expanding in our agency with the addition of a new case manager and new HUD rental assistance funds. Although these funds cannot be used to pay rent at The Haven since Twin City Mission is a part owner in the property, the funds will be used in scattered site housing locations throughout the Brazos Valley Region to continue to provide transitional housing services.

- Supportive services would continue to be made available to persons living in The Haven units and the case manager would continue to be located on-site to provide those services. Participation in the self-sufficiency program would be strongly encouraged for persons transitioning from homeless situations.

- Twin City Mission will work even more closely with the Housing Authority of the Brazos Valley Council of Governments to ensure prospective tenants are referred from their waiting list, outreaching specifically to persons experiencing homelessness.

- We do not anticipate a change in the income demographics associated with the persons who will be served in the program, nor are we requesting changes to the rental restrictions. Further, we do not anticipate changes requiring updates to any of the forms referenced in the application amendment instructions, but have included the current version of our financing participants.

Thank you for your consideration of our request. We look forward to your response. Should you have questions or require further clarification, please do not hesitate to contact me at 979-822-7511 or weedond@twincitymission.org.

Sincerely,

Doug Weedon

Doug Weedon
Executive Director

Attachment

Request for Application Amendment
The Haven, Ltd.
TDHCA Contract # 00114

What we are requesting:

Removal of the Land Use Restriction requiring TCM Haven, Ltd. to provide "Transitional Housing for the Homeless" as referenced in Appendix A – Additional Use Restrictions.

Reasons for the request:

1. Effective March 31, 2007, Twin City Mission, Inc. is no longer eligible to apply for or receive TDHCA tenant-based rental assistance funding in the Brazos Valley Region because of the formation of the Brazos Valley Housing Consortium. The Consortium is using their funds for low-income home purchasing, thus eliminating a significant resource previously available to assist with rental assistance for homeless persons in this area. This was an unexpected and unanticipated turn of events for our agency.
2. We have been unable to locate alternate sources of funding to fill the units at The Haven which comply with the current property restrictions.
3. We are committed to assisting persons experiencing homelessness and domestic violence through providing services that have been proven to have an impact on ending homelessness and domestic violence. Lifting the restriction would continue to ensure low-income units are available to persons experiencing homelessness and domestic violence while they receive supportive services in the Brazos Valley Region. Further, we initially built The Haven due to a significant lack of affordable housing in this geographic area.

What we've done to comply with our original obligations:

1. The Haven property has been in compliance with the original agreement for the past six years, providing a critical resource in assisting persons in the Brazos Valley Region out of homelessness. Despite initial reservations by TDHCA underwriters about the financial viability of renting to persons experiencing homelessness, we have demonstrated the ability to do so with success. Further, this housing resource has made a huge

difference in the lives of the persons served. (See The Haven Financial Statements.)

2. In an effort to comply with the additional TDHCA requirement to encumber funds in the amount of $110,186 as a safeguard, a separate bank account was set up to hold funds for this purpose. The balance is currently at $39,890.46 and, to date, there has been no need to supplement or access these funds on behalf of the property. (See First National Bank Statement.)
3. Although Twin City Mission is a very stable, well-supported non-profit organization in this community, to divert the encumbered funds each year would certainly have a very negative impact on the client services we are able to provide in this area. (See Twin City Mission Audits.)

<u>What we've done to try to obtain alternate resolutions to comply with agreement:</u>

1. Requested that the restriction placed on our current TDHCA funds be modified to eliminate "disability" as a requirement, as this restriction limited who was able to access these funds and limited who could be placed at The Haven property. This request was denied. (See TDHCA letter dated June 20, 2005.)
2. Requested an extension to the end date of our current TDHCA rental assistance contract. The extension was approved, however, funding will end March 31, 2007.
3. Were advised by TDHCA in 2005 that we would be ineligible to apply for further rental assistance funding due to the development of the Brazos Valley Housing Consortium.
4. Applied for a new project from HUD Continuum of Care funds for rental assistance that would take effect 5/1/06. We were approved for $322,576 for leasing and staff, however, later learned that HUD would not allow the rental assistance funds to be used to pay rent at a property in which we had any part ownership. (See excerpt from HUD contract.)
5. Met with representatives from the Brazos Valley Housing Consortium on September 1, 2005 to ensure their awareness of the effect of the formation of the group on existing community resources and to attempt to develop possible solutions. There was discussion about designating set-aside Section 8 vouchers for homeless persons through the Council of Governments, but there was no commitment to change the focus of the Consortium, which is home-building, despite the negative impact on existing TBRA resources.
6. Contacted TDHCA to determine the appropriate steps to take to attempt to resolve this issue in the most expeditious manner possible to limit the negative financial impact on the property.

What would change as a result of the approval:

1. It is expected that most of the units would be filled with persons who have obtained a Section 8 voucher, typically as a result of working with our Housing Services staff. Additionally, persons who are employed and who meet the income guidelines would also be eligible for housing at this location.
2. Twin City Mission would continue to provide Supportive Services to homeless persons and victims of domestic violence in obtaining permanent housing. In fact, as a result of recent approval of HUD funds, these services are currently expanding in our agency with the addition of a new case manager and new HUD rental assistance funds. Although these funds cannot be used to pay rent at The Haven since Twin City Mission is a part owner in the property, the funds will be used in scattered site housing locations throughout the Brazos Valley Region to continue to provide transitional housing services.

3. Supportive services would continue to be made available to persons living in The Haven units and the case manager would continue to be located on-site to provide those services. Participation in the self-sufficiency program would be strongly encouraged for persons transitioning from homeless and/or domestic violence situations.

4. Twin City Mission will work even more closely with the Housing Authority of the Brazos Valley Council of Governments to ensure prospective tenants are referred from their waiting list, outreaching specifically to persons experiencing homelessness.

5. We do not propose a change to any other feature of the development, including the number of units targeted to each rent and income level (i.e., the rent schedule would not change from the schedule presented in the application.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Items

Presentation, discussion and possible approval of waiver of §50.6(d) of the 2006 Qualified Allocation Plan (QAP) to allow adequate adjustment for cost increases associates with 2006 competitive housing tax credit applications exceeding the non-statutory $1,200,000 credit limitation, waiver of the 2006 QAP §50.13(a) requirement to issue all Commitment Notices within 10 days of Board approval, and possible use of 2007 forward commitments for any overage of commitments.

Required Action

Approve, Amend or Deny staff's recommendation.

Background

- **Item I**: At the July 28, 2006 Board meeting, the Board approved a waiver of §50.3(5) of the 2006 QAP, which allowed staff to utilize a higher applicable percentage than those required in the 2006 QAP and thereby recalculate the eligible credit. This action was approved to help ensure the financial feasibility of the awarded transactions as interest rates and construction costs continue to increase.

  The waiver approved on July 28 restricted credit increases to a maximum of $1,200,000, which is the maximum allowable credit award pursuant to §50.6(d) of the QAP which says, "…The Department will limit the allocation of tax credits to no more than $1.2 million per Development."

  There have been several public requests for the Department to apply the higher applicable percentage for nine 2006 developments with awards that were capped at $1.2 million (see attached example request from Locke Liddell & Sapp, LLP). These developments would disproportionately benefit from the higher applicable percentage because some have an eligible basis to support significant increases above the $1.2 limit without the applicable percentage change. Applying the higher applicable percentage would increase the credits awards for these 9 developments by an estimated total of $500,780 additional credits. It should be noted that there will not be enough remaining credits in the 2006 ceiling to award the estimated $500,780 additional credits.

- **Item II:** Due, in part, to the waiver approved at the July 28, 2006 Board meeting, which required additional time to underwrite awarded applications, some commitment notices have not been issued pursuant to §50.13(a) of the QAP, which requires the Department to issue commitment notices within 10 days of Board approval. Due to the circumstances, staff requests the waiver of this requirement for all awards made on or after the July 28, 2006 Board meeting. Staff will ensure that commitment notices will be issued within 30 days of final Board action on an item (i.e., appeals, APR increases, awards, etc.).

Recommendation

Item I. Staff does not recommend the Board waive the $1,200,000 maximum allowable credit award pursuant to §50.6(d) of the QAP for the 2006 Housing Tax Credit Competitive Cycle. However, should the Board approve the waiver of the $1,200,000 maximum; staff recommends the use of national pool and/or 2007 forward commitments for any credit award above the $1,200,000.

Item II. Staff recommends the Board waive the requirement of the Department to issue commitment notices within 10 days of Board approval pursuant to §50.13(a) of the QAP. This waiver would apply to all awards made on or after the July 28, 2006 Board meeting.

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MEMORANDUM

TO: Michael Gerber

FROM: Cynthia Bast

DATE: July 31, 2006

RE: **Additional Tax Credits for 2006 Application Round**

At the July 28 Board meeting, the TDHCA Board approved a policy (the "**New Policy**") to raise the underwriting applicable percentages for the 2006 Application Round, allowing the successful 2006 tax credit applicants to receive additional tax credits. In the published Board Action Item, staff indicated that this increase in credits would not apply for projects that are restricted by the $1.2 million per development limitation. Specifically, staff stated:

> Allowing such an increase in the applicable percentage would only increase the credit for transactions that were not already limited in credit by the $1.2 million **statutory** limit per transaction and those that were not already provide[d] as much as is necessary in a gap based approach. (e*mphasis added)*

This statement is misleading because it implies that the $1.2 million per development limitation is imposed by **statute**. It is not. Rather, the $1.2 million per development limitation is imposed by the **rule** of the Qualified Allocation Plan. Section 50.6(d) of the 2006 Qualified Allocation Plan says:

> The Department will limit the allocation of tax credits to no more than $1.2 million per Development.

As you know, Section 50.22(a) of the 2006 Qualified Allocation Plan allows the Board to waive any of the provisions of the QAP for good cause shown. Thus, the $1.2 million limitation can be waived with respect to the additional credits, if the Board so chooses.

I approached Mr. Hamby about this issue following the meeting, and he indicated that it could be addressed. By this memorandum, I request that the staff review this situation and, if necessary, place an item on the August 30 Board agenda to waive the $1.2 million credits per development rule, solely with respect to the New Policy. This would allow all applicants to be treated equally and receive additional credits if they are merited.

If I need to file an appeal as to the amount of credits awarded for each of our firm's clients impacted by this matter, please let me know. I would prefer it be handled more expeditiously with a correction to the policy.

Thank you very much for allowing me to call this to your attention. Please feel free to contact me if you have any questions.

cc: Kevin Hamby
Brooke Boston
Robbye Meyer
Jennifer Joyce
Tom Gouris

Housing Tax Credit Program
Board Action Request
August 30, 2006

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 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
060424	Lafayette Village Apartments	Houston	Harris County HFC	180	180	$26,444,244	$14,100,000	$1,074,454	$1,074,454
060425	Baypointe Apartments	Webster	Harris County HFC	236	236	$24,304,022	$13,600,000	$956,177	$956,177

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for the Lafayette Village Apartments.

Summary of the Transaction

The Issuer for this transaction is Harris County HFC. The development is to be located at the 4822 East Sam Houston Parkway North in Houston. Demographics for the census tract (2330) include AMFI of $68,195; the total population is 10,349; the percent of population that is minority is 56.83%; the percent of population that is below the poverty line is 10.29%; the number of owner occupied units is 2,430; the number of renter units is 1,008 and the number of vacant units is 178. The percent of population that is minority for the entire City of Houston is 69% (Census information from FFIEC Geocoding for 2006). The development is new construction and will consist of 250 total units targeting the general population, with all affordable. There is no zoning required for the Houston area. The Department has received no letters of support and no letters of opposition.

This application was previously brought before the Board at the May 26, 2005 Board meeting and the Board approved an allocation of $763,719. The application was re-submitted because the applicant is requesting an increase in tax credits due to the Internal Revenue Service declaring Harris County a Difficult Development Area (DDA) after Hurricane Rita hit the southeast Texas coast. The DDA designation allows a thirty percent increase in the amount of housing tax credits. TDHCA was originally the Issuer of the bonds for this transaction. However, Harris County will reissue bonds and redeem the outstanding bonds with the Department.

The application was received on August 11, 2006 and will require a waiver of the requirement to submit the application materials 60 days prior to the Board meeting pursuant to 10 TAC §50.12(a)(2).

The bond priority for this transaction is:

☒ **Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI
(MUST receive 4% Housing Tax Credits)

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice for Housing Tax Credits for the Lafayette Village Apartments and waive the requirement to submit the application materials 60 days prior to the Board meeting pursuant to 10 TAC §50.12(a)(2).

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Lafayette Village Apartments, TDHCA Number 060424

BASIC DEVELOPMENT INFORMATION

Site Address: 4822 East Sam Houston Parkway North

Development #: 060424

City: Houston | Region: 6 | Population Served: Family

County: Harris | Zip Code: 77015 | Allocation: Urban/Exurban

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Purpose/Activity: NC

Bond Issuer: Harris County 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:	250 Lafayette Village Apartments, LP	
Owner Contact and Phone	William D. Henson	(713) 334-5808
Developer:	Lafayette Village Developers, L.L.C.	
Housing General Contractor:	Lafayette Village Contractors, L.L.C.	
Architect:	Mucasey & Associates	
Market Analyst:	O'Connor & Associates	
Syndicator:	Boston Capital Corp.	
Supportive Services:	Texas Inter-Faith Housing Corp.	
Consultant:	LBK, Ltd.	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	250	0	52	112	86	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 5 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	250
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	250
Total Development Cost:	$26,444,244
Number of Residential Buildings:	25
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$1,074,454	$1,074,454	0	0	0.00%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Lafayette Village Apartments, TDHCA Number 060424

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 NC

US Representative: Green, District 29, NC

TX Representative: Crabb, District 127 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC

Resolution of Support from Local Government ☐

David Turkel, Director, Harris County Community & Economic Development Department - Consistent wit the HUD approved 2003-2007 Consolidated Plan for Harris County.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance of an opinion from The Murillo Company on the necessity of a noise study and lead in drinking water.

Receipt, review, and acceptance of a letter from the architect or contractor stating intention to comply with the QAP regarding construction of buildings one foot above the base flood elevation and parking no more than six inches below the base flood elevation.

Board waiver of its QAP rule under Section 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.

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

August 30, 2006

Development Information, Public Input and Board Summary

Lafayette Village Apartments, TDHCA Number 060424

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

4% Housing Tax Credits: Credit Amount: $1,074,454

Recommendation: **Recommend approval of a Housing Tax Credit allocation not to exceed $1,074,454 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August, 22, 2006 **PROGRAM:** 4% HTC & MRB **FILE NUMBER:** 060424

DEVELOPMENT NAME

Lafayette Village Apartments

APPLICANT

Name:	250 Lafayette Village Apartments, L.P.	**Contact:**	William D. Henson
Address:	2121 Kirby Drive, Unit #68		
City	Houston	**State:**	TX **Zip:** 77019
Phone:	(713) 334-5808 **Fax:** (713) 334-5614	**Email:**	Wd_henson@hotmail.com

KEY PARTICIPANTS

Name:	250 Lafayette Village Development, LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	Dwayne Henson Investments, Inc.	**Title:**	100% Owner of GP (Member 1)
Name:	Pamela G. Henson	**Title:**	15% Owner of Member 1
Name:	William D. Henson	**Title:**	35% Owner of Member 1
Name:	Laura Henson	**Title:**	35% Owner of Member 1
Name:	Cheryl L. Henson	**Title:**	15% Owner of Member 1
Name:	Lafayette Village Developers, LLC	**Title:**	Developer
Name:	LBK, Ltd. (Lily Kavthekar)	**Title:**	Consultant

PROPERTY LOCATION

Location:	4822 East Sam Houston Parkway North		
City:	Houston	**Zip:**	77015
County:	Harris	**Region:**	6 ☐ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,074,454[1]	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,074,454 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an opinion from The Murillo Company on the necessity of a noise study and lead in drinking water.

[1] Previously approved for credits of $763,719 but plans to repay bond and rescind credits if the proposed financing structure is approved.

2. Receipt, review, and acceptance of a letter from the architect or contractor stating intention to comply with the QAP regarding construction of buildings one foot above the base flood elevation and parking no more than six inches below the base flood elevation.
3. Board waiver of its QAP rule under Section 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Lafayette Village Apartments was submitted and underwritten in the 2005 MRB with 4% HTC cycle. The underwriting analysis recommended the project be approved subject to the following conditions:

1. Acceptance by the Board of the anticipated potential redemption of up to $950,000 in bonds at the conversion to permanent;
2. Receipt, review, and acceptance of a letter from the architect or contractor stating intention to comply with the QAP regarding construction of buildings one foot above the base flood elevation and parking no more than six inches below the base flood elevation.
3. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

The development is currently under construction however, the Applicant has reapplied with the request for a new bond and tax credit allocation before the construction has been completed and placed in service. Originally, The Department was the issuer of the bonds, but those bonds will be fully repaid and the original credit determination will be rescinded if the proposed new financing structure is approved and executed. The unit mix and set aside will remain the same as originally proposed.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 250 **# Res Bldgs** 25 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 257,412 **Av Un SF:** 1,030 **Common Area SF:** 5,000 **Gross Bldg SF:** 262,412

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures are constructed on gypcrite over plywood. According to the plans provided in the application the exterior are 70% cement fiber, and 30% brick. The interior wall surfaces will be drywall and the roofs are finished with composite shingles.

UNIT FEATURES

The interior flooring are 60% carpet and 40% ceramic tile. Threshold criteria for the 2006 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, laundry connections, a ceiling fixture in each room, warm and cooled air, an individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, a community laundry room, controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a swimming pool, and two children’s playgrounds equipped for 5 to 12 year olds, two tot lots, or one of each.

Uncovered Parking: 232 spaces **Carports:** 0 spaces **Garages:** 250 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a 15-unit per acre under construction development located in Houston. The development is comprised of a combination of 23 evenly distributed garden style and 2 townhome residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
1	3	22	0	0
1	2	10	0	0
4	2	0	10	0
7	2	0	10	0
8	2	2	8	0
2	2	2	8	0
2	2	0	0	4

The development includes a 5,000 square foot amenity center complete with a leasing office, business center, activity room, computer classroom, fitness, center, laundry facility, and maintenance and mail box areas.

SITE ISSUES

SITE DESCRIPTION

Total Size: 17.1545 acres
Scattered sites? ☐ Yes ☒ No

Flood Zone: Zone X (Partially in Zone AE)
Within 100-year floodplain? ☒ Yes ☐ No

Current Zoning: N/A
Needs to be re-zoned? ☐ Yes ☐ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is located at 4822 East Sam Houston Parkway North on the east side of the north-bound service road to Beltway 8, north of Woodforest Boulevard, in Harris County, Texas.

Adjacent Land Uses:

- **North:** Commercial and residential uses, and Tributary of Carpenter Bayou immediately adjacent and beyond;
- **South:** Commercial and residential uses immediately adjacent and beyond;
- **East:** Commercial and residential uses, and Carpenter Bayou immediately adjacent and beyond; and
- **West:** East Sam Houston Parkway North/Beltway Eight immediately adjacent and vacant land and residential uses beyond.

Site Access: The site is accessible via Interstate Highway 10, Wallisville Road, and Woodforest Boulevard running east and west, and Beltway 8, Uvalde Road, and Sheldon Road running north and south.

Public Transportation: According to the Market Analyst, “The neighborhood is well-located within the Metropolitan Area's transportation infrastructure” (p.25).

Shopping & Services: The site is within close proximity to major grocery/pharmacies, shopping centers, North Channel Branch of Harris County Public Library, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are also located within a short driving distance from the site. No specific mileages from the site were given in the study (TDHCA #05607).

Adverse Site Characteristics:

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

- **Zoning:** There is no zoning in Houston.
- **Floodplain:** The site is located in Zone X and Zone AE, according to FEMA. Sections of the site are in the 100-year and 500-year floodplain, as well as some outside of both.

Receipt, review, and acceptance of a letter from the architect or contractor stating intention to comply with the QAP regarding construction of buildings one foot above the base flood elevation and parking no more than six inches below the base flood elevation is a condition of this report.

TDHCA SITE INSPECTION

Inspector: TDHCA Staff **Date:** 4/12/2005

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments: A re-inspection of the site was not completed no is it required given the prior approval.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 11, 2005, was prepared by The Murillo Company and submitted with an application to TDHCA for the same site in 2005 (TDHCA #05607).

Findings:

- **Radon:** "Contact with Texas Commission on Environmental Quality, and review of EPA files indicate that radon is not considered a major problem in the Harris County area." (ESA, p. 19)
- **Floodplain:** "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel Number 48201C0720J (November 6, 1996), this subject property is located in Zone "X and AE", base flood elevations determined to be 29 feet." (ESA, p. 15)

A Phase I Environmental Site Assessment report dated August 16, 2006, and submitted with the current application to TDHCA was prepared by The Murillo Company and contained the following findings and recommendations:

Findings:

- **Floodplain:** "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel Number 48201C0720J (November 6, 1996), this subject property is located in Zone "X and AE", base flood elevations determined to be 29 feet" (ESA, p. 15)
- **Asbestos-Containing Materials (ACM):** "The subject property is a new apartment complex under construction. There is no potential threat for asbestos containing materials…to be present on the property" (p.19).
- **Lead-Based Paint (LBP):** "The subject property is a new apartment complex under construction. There is no potential threat for…lead-based paint to be present on the property" (p.19).
- **Radon:** "Contact with Texas Commission on Environmental Quality, and review of EPA files indicate that radon is not considered a major problem in the Harris County area." (ESA, p. 19)

Recommendations: "We have performed a Phase I Environmental Site Assessment Update in conformance with the scope and limitations of ASTM Standard Practice E1527-00. Any exceptions to, or deletions from this practice are described in body of the report. This assessment has revealed no evidence of Recognized Environmental Conditions in connection with the subject property" (p.21).

Receipt, review, and acceptance of an opinion from The Murillo Company on the necessity of a noise study and lead in drinking water is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside.
Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321).
Two hundred and fifty of the units (100% of the total) will be reserved for low-income tenants. Two hundred and fifty of the units (100%) will be reserved for households earning 60% or less of AMI.

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 17, 2006 was prepared by Patrick O'Connor and Associates, LP ("Market Analyst") and included the following findings:

Secondary Market Information: The Market Analyst did not define a secondary market for the subject development.

Definition of Primary Market Area (PMA): "The subject's primary market is defined as that area within the following zip codes: 77015, 77049, and 77530. The approximate boundaries are: Highway 90 to the north, Greens and Bennig Bayous to the west, Buffalo Bayou to the south, and the San Jacinto River to the east" (p. 25). This area encompasses approximately 62 square miles and is equivalent to a circle with a radius of 4.5 miles.

Population: The estimated 2006 population of the original PMA was 105,246 and is expected to increase by 8.6% to approximately 114,334 by 2011. Since this population exceeds the maximum sized market area of 100,000 as defined by TDHCA Rules and Guidelines for market studies, appropriate downward adjustments are made in the demand analysis to reduce the potential market. The Market Analyst took a prorata percentage of demand to effectively reduce the primary market population to meet the Department's maximum market population requirements rather than defining a specific market area that contains 100,000 persons or less. Within the adjusted primary market area there were estimated to be 30,935 households in 2006.

It should be noted, while this method of determination may provide an acceptable inclusive capture rate result, it is a poor practice and should be discouraged. The market Analyst should define an original primary market area that meets the Department's requirements

Total Market Demand: The Market Analyst elected not to utilize a household size-appropriate adjustment rate. The Analyst's income band of $23,520 to $39,540 (p. 69) results in an income eligible adjustment rate of 12.17% (p. 70). The tenure appropriate adjustment rate of 36.15% is specific to the target population (p. 69). The Market Analyst indicates a turnover rate of 65% applies based on IREM data (p. 70).

In addition, "Section 8 vouchers will also be accepted at the subject property. The demand created by Section 8 renters will be added to the demand for rent-restricted units. At the suggestion of Tom Gouris, Director of Real Estate Analysis at the TDHCA, theoretical demand from Section 8 vouchers in the PMA is calculated by multiplying the total number of vouchers for the entire city by the ratio of income-qualified households in the PMA to the voucher income-qualified households in Houston. The number of Section 8 vouchers available was determined by contacting the local housing authority with jurisdiction over the subject's location, which in this case was the City of Houston. The number of income-qualified households was determined by calculating the number of households in the PMA earning below the minimum income required to rent at the subject property, which equated to 21.54% of the households earning below $23,520. Since the purpose of this calculation is to determine the theoretical number of vouchers available within the PMA, and virtually all voucher holders are renters, we have not applied a renter percentage. The percentage of seniors to the total population was applied to factor our non-seniors. The number of income-qualified households in Houston was determined by calculating the number of households in the PMA earning below the maximum income required to obtain a Section 8 voucher (80% of AMI)…According to the Housing Authority to the Housing Authority of the City of Houston's PHA Plan, Annual Plan for Fiscal Year 2006, there were a total of 14,898 existing housing vouchers administered by the Housing Authority of the City of Houston. Theoretical demand from Section 8 Vouchers is calculated by multiplying the total number of vouchers by the ratio of income-qualified Senior households in the PMA and in Houston. Utilizing the typical 65% turnover rate, total theoretical demand from Section 8 vouchers is estimated to be 237 units…"(p. 71).

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	83	3.3%	50	3%
Resident Turnover	2,277	90.59%	1,541	84%
Other Sources: Section 8	237	9.41%	244	13%
TOTAL DEMAND	**2,514**	**100%**	**1,835**	**100%**

p. 74

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 20.85% based upon 2,514 units of demand and 524 unstabilized affordable housing in the PMA (including the subject) (p. 74).

The Underwriter calculated an inclusive capture rate of 15% based upon a revised supply of 280 unstabilized comparable affordable units divided by a revised demand estimate for 1,835 affordable units.

Unit Mix Conclusion: "The under-construction subject property will have 21 % one-bedroom units, 45 % two-bedroom units, and 34 % three-bedroom units. Based on discussions with leasing agents and our own analysis of the rental rates at the selected comparables in the primary market, the subject unit mix is appropriate and will complement the local affordable housing market. Because the average household size is 3.23 persons, and approximately 39.60% of the households consist of 4 persons or more, having over 20% of the unit mix in three bedroom units is considered appropriate" (p. 11).

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 918 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-BR (60%/MRB)	$612	$613	-($1)	$740	-($128)
1-BR (60%/MRB)	$612	$613	-($1)	$750	-($138)
1-BR (60%/MRB)	$612	$613	-($1)	$765	-($153)
1-BR (60%/MRB)	$612	$613	-($1)	$770	-($158)
1-BR (60%/MRB)	$612	$613	-($1)	$775	-($163)
1-BR (60%/MRB)	$612	$613	-($1)	$785	-($173)
2-BR (60%/MRB)	$736	$736	$0	$940	-($204)
2-BR (60%/MRB)	$736	$736	$0	$945	-($209)
2-BR (60%/MRB)	$736	$736	$0	$955	-($219)
2-BR (60%/MRB)	$736	$736	$0	$960	-($224)
2-BR (60%/MRB)	$736	$736	$0	$965	-($229)
2-BR (60%/MRB)	$736	$736	$0	$975	-($239)
2-BR (60%/MRB)	$736	$736	$0	$980	-($244)
2-BR (60%/MRB)	$736	$736	$0	$1,085	-($349)
3-BR (60%/MRB)	$843	$736	$0	$1,085	-($242)
3-BR (60%/MRB)	$843	$736	$0	$1,140	-($297)
3-BR (60%/MRB)	$843	$843	$0	$1,145	-($302)
3-BR (60%/MRB)	$843	$843	$0	$1,165	-($322)
3-BR (60%/MRB)	$843	$843	$0	$1,195	-($352)

(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 apartments in the subject's primary market area was reported at 90.19% in the most recent O'Connor & Associates Apartments Database survey (June 2006). According to the survey, occupancy in the primary market area in June 2006 has decreased slightly from the prior quarter. Average occupancy in the primary market area has remained in the high 80% to the lower 90's since September 1995 with the exception of the most recent five quarters. Based on our analysis of the market, moderate increases in occupancy are projected for this market." (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 within six to twelve months following completion" (p.81).

Unstabilized, Under Construction, and Planned Development: "… there are three existing HTC projects within the subject's primary market area. There are no HTC projects currently under construction, other than the subject. The Sterling Green Village and Forest Creek Apartments are both located within a two-mile radius of the subject and within the PMA. Sheldon Ranch, an approved 30-unit 4 bedroom single-family residences Family HTC, is also located within two miles of the subject. Typically, HTC projects in the Greater Houston area have achieved stabilized occupancy at a rapid pace, most likely due to the projects being new and superior compared to older multifamily projects. The subject should be able to reach a stabilized occupancy level within 12 months of completion. Pre-leasing should begin prior to completion of the construction" (p. 41).

Furthermore, Olive Grove Manor (TDHCA #05198) is a 160 unit senior development located within the subject's defined PMA boundary. However, units for developments exclusively targeting seniors are not included in the inclusive capture rate analysis for developments targeting families.

Market Impact: "Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration" (p. 81).

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Far East (#12) submarket within the Houston MSA. According to the Department market study; there are 6 units of demand for 1-bedroom units at the 60% income level; 8 units of demand for 2-bedroom units at the 60% income level; and 4 units of demand for 3-bedroom units at the 60% income level (p. III-467).

The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attract away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied.). Moreover, the subject units were included in the analysis commissioned by the Department.

The Underwriter requested additional information from the Market Analyst to explore these and other differences, but it has not bee received as of the date of this report.

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of March 6, 2006 maintained by the Housing Authority of the City of Houston from the 2006 program gross rent limits. Tenants will be required to pay electric, water, and sewer costs. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,850 per unit is within 5% of the Underwriter's estimate of $4,048, derived from the TDHCA database, and third-party data sources.

Several of the Applicant's line item expenses, including general and administrative ($27K lower), payroll and payroll tax ($47K lower), utilities ($20K lower), water, sewer and trash ($40K higher), and property tax ($26K higher) varied significantly when compared to the Underwriter's estimates.

Conclusion: Because the Applicant's gross income, total annual operating expense, net operating income are each within 5% of the Underwriter's estimates, the Applicant's proforma is used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.14, which is within the Department's DCR guideline of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ASSESSED VALUE

Land: 17.233 acres	$2,251,944	**Assessment for the Year of:**	2006
Building:	$915,687	**Valuation by:**	Harris County Appraisal District
Total Assessed Value:	$3,167,631	**Tax Rate:**	3.47163

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Purchase and sale agreement (17.1545 acres)

Contract Expiration: 8/10/2006 **Valid through Board Date?** ☐ Yes ☒ No

Acquisition Cost: $16,727,506 **Other:**

Seller: Lafayette Village Apartments, LP **Related to Development Team?** ☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The current owner is a principal of the sole member of the General Partner; therefore the transaction represents an identity of interest. The Applicant submitted a purchaser's statement dated June 15, 2005 between Lafayette Village Apartments, LP and Chand Khan for the subject 17.1545 acre tract. According to the contract, the total purchase price for the 17.1545 acres was $1,695,000. The Applicant also submitted a Purchase and sale agreement dated August 10, 2006 between Lafayette Village Apartments and 250 Lafayette Village Apartments LP (the Applicant). According to the agreement, the purchase price for the subject is estimated to be the total amount of bond and equity proceeds spent by Lafayette Village Apartments, LP for construction to date or approximately $16,727,506. Therefore, the subject's acquisition eligible basis reflects construction-based rather than acquisition-based costs.

Sitework Cost: The Applicant claimed sitework costs over the Department's maximum guideline of $7,500 per unit and provided sufficient third party certification through a detailed certified cost estimate by Mucasey & Associates to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Reznick Group to preliminarily opine that $2,377,500 of the total $2,377,500 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 $868K or 7% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. It should be noted that the Underwriter's original direct construction costs predicted a $878K understatement of the Applicant's original costs and that the current cost projections by the Applicant are within $100K of the Underwriter's revised costs. Moreover, the Underwriter's revised costs are based on current Marshall and Swift costs which reflect a 7.8% increase since the original Underwriting was completed.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $4K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $23,277,768 supports annual tax credits of $1,098,478. 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: Capmark **Contact:** Lloyd Griffin

Tax-Exempt: $14,100,000 **Interest Rate:** 6%, fixed, lender's estimate **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

TAX CREDIT SYNDICATION

Source: Boston Capital **Contact:** Thomas Dixon

Proceeds: $9,827,815 **Net Syndication Rate:** 91% **Anticipated HTC:** $1,074,454/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $1,246,585 ($200K during construction phase) **Source:** Guaranteed Income Contract

Amount: $1,273,844 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Harris County Finance Corporation and purchased by Capmark. 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.

GIC Income: The Applicant included $1,246,585 in anticipated permanent income and from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase; the Underwriter has included this amount in deferred developer fee in the recommended financing structure.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,273,844 amount to 45% of the total fees.

Financing Conclusions: As stated above, the proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.14, which is within the Department's DCR guideline of 1.10 to 1.30.

The Applicant's total development cost estimate less the permanent loan of $14,100,000 indicates the need for $12,344,244 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,349,570 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,074,454), the gap-driven amount ($1,349,570 and eligible basis-derived estimate ($1,098,478), the Applicant's request of $1,074,454 is recommended resulting in proceeds of $9,827,815 based on a syndication rate of 91%.

The Underwriter's recommended financing structure indicates the need for $2,516,429 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party; this issue is addressed in the "Construction Cost Estimate Evaluation" section of this report.

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

Financial Highlights:

- The Applicant and Managing General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Member and 100% owner of the Managing General Partner, Dwayne Henson Investments, Inc., submitted an unaudited financial statement as of December 31, 2005, reporting total assets of $13.4M and consisting of $1.2M in cash, $16K in machinery, equipment, and fixtures, $8.9M in receivables, and $2.3M in partnership interests. Liabilities totaled $3M resulting in a net worth of $13.1M.
- The principals of these members of the General Partner that submitted unaudited financial statements are:

Pamela, Laura, Cheryl, and William D. Henson. Some or all of these principals are anticipated to be guarantors of the development, particularly the Managers of the General Partner: William D. Henson, J. Steve Ford, and M. Scot Davis.

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

∉ Items identified in previous reports/ or analysis have not been satisfactorily addressed.

∉ The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.

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

Underwriter:	*Diamond Thompson*	**Date:**	August 22, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 22, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Lafayette Village Apartments, Houston, 4% HTC & MRB #060424

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected			Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC 60%/MRB	12	1	1	706	$686	$613			$7,356	$0.87	$73.00	$4.00
TC 60%/MRB	4	1	1	722	686	$613			2,452	0.85	73.00	4.00
TC 60%/MRB	4	1	1	763	686	$613			2,452	0.80	73.00	4.00
TC 60%/MRB	8	1	1	766	686	$613			4,904	0.80	73.00	4.00
TC 60%/MRB	4	1	1	774	686	$613			2,452	0.79	73.00	4.00
TC 60%/MRB	20	1	2	795	686	$613			12,260	0.77	73.00	4.00
TC 60%/MRB	8	2	2	946	823	$736			5,888	0.78	87.00	5.00
TC 60%/MRB	8	2	2	957	823	$736			5,888	0.77	87.00	5.00
TC 60%/MRB	14	2	2	974	823	$736			10,304	0.76	87.00	5.00
TC 60%/MRB	8	2	2	990	823	$736			5,888	0.74	87.00	5.00
TC 60%/MRB	12	2	2	991	823	$736			8,832	0.74	87.00	5.00
TC 60%/MRB	14	2	2	997	823	$736			10,304	0.74	87.00	5.00
TC 60%/MRB	4	2	2	999	823	$736			2,944	0.74	87.00	5.00
TC 60%/MRB	28	2	2	1,017	823	$736			20,608	0.72	87.00	5.00
TC 60%/MRB	14	2	2	1,026	823	$736			10,304	0.72	87.00	5.00
TC 60%/MRB	2	2	2.5	1,204	823	$736			1,472	0.61	87.00	5.00
TC 60%/MRB	20	3	2	1,204	951	$843			16,860	0.70	108.00	5.00
TC 60%/MRB	36	3	2	1,229	951	$843			30,348	0.69	108.00	5.00
TC 60%/MRB	20	3	2	1,233	951	$843			16,860	0.68	108.00	5.00
TC 60%/MRB	4	3	2	1,282	951	$843			3,372	0.66	108.00	5.00
TC 60%/MRB	6	3	2.5	1,315	951	$843			5,058	0.64	108.00	5.00
TOTAL:	250		AVERAGE:	1,030	$839	$747			$186,806	$0.73	$91.31	$4.79

INCOME	Total Net Rentable Sq Ft:	257,412		TDHCA	ORG UW	ORG APP	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$2,241,672	$2,266,080	$2,266,080	$2,241,048		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$15.00	45,000	45,000	45,000	45,000	$15.00	Per Unit Per Month	
Other Support Income: (describe)				0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$2,286,672	$2,311,080	$2,311,080	$2,286,048			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(171,500)	(173,331)	(173,328)	(171,456)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0					
EFFECTIVE GROSS INCOME				$2,115,172	$2,137,749	$2,137,752	$2,114,592			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	ORG UW	ORG APP	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.74%	$401	0.39	$100,211	$124,152	$106,500	$73,250	$0.28	$293	3.46%
Management		5.00%	423	0.41	105,759	106,887	106,887	105,730	0.41	423	5.00%
Payroll & Payroll Tax		12.41%	1,050	1.02	262,564	256,998	230,625	215,865	0.84	863	10.21%
Repairs & Maintenance		5.51%	467	0.45	116,647	122,660	106,250	93,900	0.36	376	4.44%
Utilities		2.32%	196	0.19	49,020	39,270	42,500	29,000	0.11	116	1.37%
Water, Sewer, & Trash		1.60%	135	0.13	33,840	63,042	45,000	74,000	0.29	296	3.50%
Property Insurance		3.72%	315	0.31	78,774	64,353	63,018	79,755	0.31	319	3.77%
Property Tax	3.47163	8.71%	737	0.72	184,184	171,154	172,000	210,000	0.82	840	9.93%
Reserve for Replacements		2.36%	200	0.19	50,000	50,000	50,000	50,000	0.19	200	2.36%
Other: compl fees		1.47%	124	0.12	31,000	27,220	27,220	31,000	0.12	124	1.47%
TOTAL EXPENSES		47.84%	$4,048	$3.93	$1,011,999	$1,025,737	$950,000	$962,500	$3.74	$3,850	45.52%
NET OPERATING INC		52.16%	$4,413	$4.29	$1,103,173	$1,112,012	$1,187,752	$1,152,092	$4.48	$4,608	54.48%
DEBT SERVICE											
First Lien Mortgage		47.96%	$4,058	$3.94	$1,014,439	$1,079,191	$1,079,772	$1,015,200	$3.94	$4,061	48.01%
GIC Income		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		4.20%	$355	$0.34	$88,733	$32,821	$107,980	$136,892	$0.53	$548	6.47%
AGGREGATE DEBT COVERAGE RATIO					1.09	1.03	1.10	1.13			
RECOMMENDED DEBT COVERAGE RATIO						1.10		1.14			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA	APPLICANT	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.97%	$6,527	$6.34	$1,631,736	$1,631,736	$1,631,736	$1,631,736	$6.34	$6,527	6.17%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.70%	9,510	9.24	2,377,500	2,142,500	2,142,500	2,377,500	9.24	9,510	8.99%
Direct Construction		48.51%	52,993	51.47	13,248,219	12,285,499	11,417,500	12,380,000	48.09	49,520	46.82%
Contingency	3.20%	1.83%	2,000	1.94	500,000	500,000	500,000	500,000	1.94	2,000	1.89%
General Req'ts	5.67%	3.24%	3,542	3.44	885,450	813,600	813,600	885,450	3.44	3,542	3.35%
Contractor's G & A	1.89%	1.08%	1,181	1.15	295,150	271,200	271,200	295,150	1.15	1,181	1.12%
Contractor's Profit	5.67%	3.24%	3,542	3.44	885,450	813,600	813,600	885,450	3.44	3,542	3.35%
Indirect Construction		3.81%	4,158	4.04	1,039,500	982,000	982,000	1,039,500	4.04	4,158	3.93%
Ineligible Costs		4.30%	4,699	4.56	1,174,740	651,500	651,500	1,174,740	4.56	4,699	4.44%
Developer's G & A	1.91%	1.49%	1,632	1.59	408,061	200,000	200,000	408,061	1.59	1,632	1.54%
Developer's Profit	11.21%	8.76%	9,570	9.29	2,392,397	2,540,000	2,540,000	2,392,397	9.29	9,570	9.05%
Interim Financing		7.74%	8,457	8.21	2,114,260	1,954,700	1,954,700	2,114,260	8.21	8,457	8.00%
Reserves		1.32%	1,440	1.40	360,000	480,205	200,000	360,000	1.40	1,440	1.36%
TOTAL COST		100.00%	$109,250	$106.10	$27,312,463	$25,266,540	$24,118,336	$26,444,244	$102.73	$105,777	100.00%
Construction Cost Recap		*66.61%*	***$72,767***	***$70.67***	***$18,191,769***	***$16,826,399***	***$15,958,400***	***$17,323,550***	***$67.30***	***$69,294***	*65.51%*

SOURCES OF FUNDS								RECOMMENDED	
First Lien Mortgage	51.62%	$56,400	$54.78	$14,100,000	$15,000,000	$15,000,000	$14,100,000	$14,100,000	Developer Fee Available
GIC Income	4.56%	$4,986	$4.84	1,246,585	200,000	200,000	1,246,585	0	$2,800,458
HTC Syndication Proceeds	35.98%	$39,311	$38.18	9,827,815	6,873,471	6,873,471	9,827,815	9,827,815	% of Dev. Fee Deferred
Deferred Developer Fees	4.66%	$5,095	$4.95	1,273,844	2,044,865	2,044,865	1,273,844	2,516,429	45%
Additional (Excess) Funds Req'd	3.16%	$3,457	$3.36	864,219	1,148,204	0	(4,000)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$27,312,463	$25,266,540	$24,118,336	$26,444,244	$26,444,244	$4,850,587

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Lafayette Village Apartments, Houston, 4% HTC & MRB #060424

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.27	$12,683,272
Adjustments				
Exterior Wall Finish	3.30%		$1.63	$418,548
9-Ft. Ceilings	3.30%		1.63	418,548
Garages (Detached)	33.61	3516	0.46	118,173
Subfloor			(1.12)	(288,301)
Floor Cover			5.09	1,310,227
Porches/Balconies/Breeze	$19.79	24,560	1.89	485,920
Plumbing(Mult)	$680	576	1.52	391,680
Built-In Appliances	$1,675	250	1.63	418,750
Stairs	$1,650	148	0.95	244,200
Plumbing (TH)	$815.00	32	0.10	23,200
Heating/Cooling			1.73	445,323
Garages (Built-in)	$18.82	28,560	2.09	537,499
Clubhouse	$63.50	5,000	1.23	317,475
Interior Stairs (TH)	$1,350.00	8	0.04	10,800
SUBTOTAL			68.13	17,538,192
Current Cost Multiplier	1.04		2.73	701,528
Local Multiplier	0.89		(7.49)	(1,929,201)
TOTAL DIRECT CONSTRUCTION COSTS			$63.36	$16,310,519
Plans, specs, survy, bld prmts	3.90%		($2.47)	($636,110)
Interim Construction Interest	3.38%		(2.14)	(550,480)
Contractor's OH & Profit	11.50%		(7.29)	(1,875,710)
NET DIRECT CONSTRUCTION COSTS			$51.47	$13,248,219

PAYMENT COMPUTATION

Primary	$14,100,000	Amort	360
Int Rate	6.00%	DCR	1.09

Secondary		Amort	
Int Rate	0.00%	Subtotal DCR	1.09

Additional		Amort	
Int Rate		Aggregate DCR	1.09

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N(

Primary Debt Service	$1,014,439
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$137,653

Primary	$14,100,000	Amort	360
Int Rate	6.00%	DCR	1.14

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.14

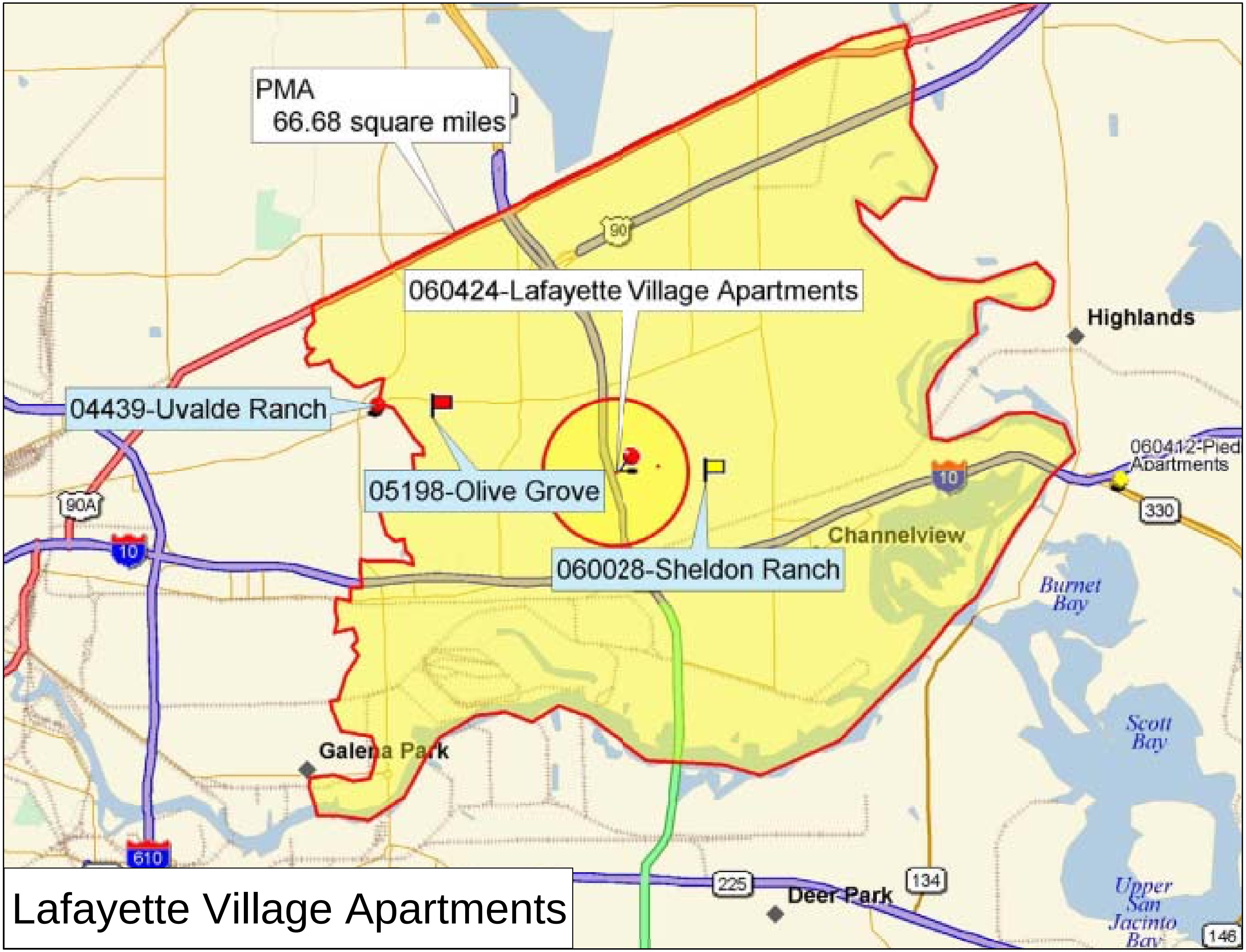
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,241,048	$2,308,279	$2,377,528	$2,448,854	$2,522,319	$2,924,059	$3,389,786	$3,929,691	$5,281,176
Secondary Income	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,286,048	2,354,629	2,425,268	2,498,026	2,572,967	2,982,774	3,457,853	4,008,599	5,387,222
Vacancy & Collection Loss	(171,456)	(176,597)	(181,895)	(187,352)	(192,973)	(223,708)	(259,339)	(300,645)	(404,042)
Employee or Other Non-Rental Ui	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,114,592	$2,178,032	$2,243,373	$2,310,674	$2,379,995	$2,759,066	$3,198,514	$3,707,954	$4,983,180
EXPENSES at 4.00%									
General & Administrative	$73,250	$76,180	$79,227	$82,396	$85,692	$104,258	$126,845	$154,327	$228,441
Management	105,730	108902.0236	112169.0843	115534.1568	119000.1815	137953.8253	159926.2931	185398.4054	249159.9537
Payroll & Payroll Tax	215,865	224,500	233,480	242,819	252,532	307,243	373,808	454,795	673,208
Repairs & Maintenance	93,900	97,656	101,562	105,625	109,850	133,649	162,604	197,833	292,841
Utilities	29,000	30,160	31,366	32,621	33,926	41,276	50,219	61,099	90,441
Water, Sewer & Trash	74,000	76,960	80,038	83,240	86,570	105,325	128,144	155,907	230,780
Insurance	79,755	82,945	86,263	89,714	93,302	113,516	138,110	168,032	248,728
Property Tax	210,000	218,400	227,136	236,221	245,670	298,895	363,652	442,438	654,917
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	31,000	32,240	33,530	34,871	36,266	44,123	53,682	65,312	96,678
TOTAL EXPENSES	$962,500	$999,943	$1,038,852	$1,079,284	$1,121,300	$1,357,405	$1,643,575	$1,990,484	$2,921,127
NET OPERATING INCOME	$1,152,092	$1,178,089	$1,204,522	$1,231,391	$1,258,695	$1,401,661	$1,554,939	$1,717,471	$2,062,053
DEBT SERVICE									
First Lien Financing	$1,014,439	$1,014,439	$1,014,439	$1,014,439	$1,014,439	$1,014,439	$1,014,439	$1,014,439	$1,014,439
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	$137,653	$163,650	$190,082	$216,951	$244,255	$387,222	$540,500	$703,031	$1,047,614
DEBT COVERAGE RATIO	1.14	1.16	1.19	1.21	1.24	1.38	1.53	1.69	2.03

ALLOCATION ANALYSIS -Lafayette Village Apartments, Houston, 4% HTC & MRB #0(

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	$1,631,736	$1,631,736		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,377,500	$2,377,500	$2,377,500	$2,377,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$12,380,000	$13,248,219	$12,380,000	$13,248,219
(4) Contractor Fees & General Requirements				
Contractor overhead	$295,150	$295,150	$295,150	$295,150
Contractor profit	$885,450	$885,450	$885,450	$885,450
General requirements	$885,450	$885,450	$885,450	$885,450
(5) Contingencies	$500,000	$500,000	$500,000	$500,000
(6) Eligible Indirect Fees	$1,039,500	$1,039,500	$1,039,500	$1,039,500
(7) Eligible Financing Fees	$2,114,260	$2,114,260	$2,114,260	$2,114,260
(8) All Ineligible Costs	$1,174,740	$1,174,740		
(9) Developer Fees				
Developer overhead	$408,061	$408,061	$408,061	$408,061
Developer fee	$2,392,397	$2,392,397	$2,392,397	$2,392,397
(10) Development Reserves	$360,000	$360,000		
TOTAL DEVELOPMENT COSTS	$26,444,244	$27,312,463	$23,277,768	$24,145,987

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$23,277,768	$24,145,987
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$30,261,098	$31,389,783
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$30,261,098	$31,389,783
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		$1,098,478	$1,139,449
Syndication Proceeds	**0.9147**	**$10,047,557**	**$10,422,312**
Total Tax Credits (Eligible Basis Method)		**$1,098,478**	**$1,139,449**
Syndication Proceeds		**$10,047,557**	**$10,422,312**
Requested Tax Credits		**$1,074,454**	
Syndication Proceeds		**$9,827,815**	
Gap of Syndication Proceeds Needed		**$12,344,244**	
Total Tax Credits (Gap Method)		**$1,349,570**	



Lafayette Village Apartments

TN
MN (3.7°E)

Scale 1 : 112,500
1" = 1.78 mi
Data Zoom 10-0

Applicant Evaluation

Project ID # **060424** Name: **Lafayette Village Apartments** City:

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

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

National Previous Participation Certification Received: ☐ N/A ☐ Yes ☑ No

Noncompliance Reported on National Previous Participation Certification: ☐ Yes ☐ No

Portfolio Management and Compliance

Total # of Projects monitored: 20

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

in noncompliance: 0

Projects grouped by score:
- zero to nine: 20
- ten to nineteen: 0
- twenty to twenty-nine: 0

monitored with a score less than thirty: 20

Projects not reported in application: Yes ☐ No ☑

not yet monitored or pending review: 10

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) ☐

Portfolio Analysis
- Not applicable ☑
- No unresolved issues ☐
- Not current on set-ups ☐
- Not current on draws ☐
- Not current on match ☐

Reviewed by Patricia Murphy Date 8/17/2006

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

Reviewer S. Roth
Date 8 /17/2006

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

Reviewer M. Tynan
Date 8 /21/2006

Real Estate Analysis (Workout)
- Not applicable ☐
- Review pending ☐
- No unresolved issues ☑
- Unresolved issues found ☐
- Unresolved issues found that warrant disqualification (Comments attached) ☐

Reviewer David Burrell
Date 8 /17/2006

Community Affairs
- No relationship ☑
- Review pending ☐
- No unresolved issues ☐
- Unresolved issues found ☐
- Unresolved issues found that warrant disqualification (Comments attached) ☐

Reviewer EEF
Date 8 /17/2006

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

Reviewer Raul Gonzales
Date 8 /18/2006

Financial Administration
- No delinquencies found ☑
- Delinquencies found ☐

Reviewer Melissa M. Whitehead
Date 8 /21/2006

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for the Baypointe Apartments.

Summary of the Transaction

The application was received on August 11, 2006. The Issuer for this transaction is Harris County HFC. The development is to be located at 901 S. Kobayashi Road in Houston. Demographics for the census tract (3412) include AMFI of $77,221; the total population is 7,521; the percent of population that is minority is 26.82%; the percent of population that is below the poverty line is 9.66%; the number of owner occupied units is 1,565; the number of renter units is 2,011 and the number of vacant units is 428. The percent of population that is minority for the entire City of Houston is 69% (Census information from FFIEC Geocoding for 2006). The development is new construction and will consist of 236 total units targeting the general population, with all affordable. There is no zoning required for the Houston area. The Department has received no letters of support and no letters of opposition.

This application was previously brought before the Board at the December 13, 2004 Board meeting and the Board approved an allocation of $694,059. The application was re-submitted because the applicant is requesting an increase in tax credits due to the Internal Revenue Service declaring Harris County a Difficult Development Area (DDA) after Hurricane Rita hit the southeast Texas coast. The DDA designation allows a thirty percent increase in the amount of housing tax credits. Harris County will be redeeming and re-issuing their own bonds.

The application was received on August 11, 2006 and will require a waiver of the requirement to submit the application materials 60 days prior to the Board meeting pursuant to 10 TAC §50.12(a)(2).

The bond priority for this transaction is:

☒ **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)

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice for Housing Tax Credits for the Baypointe Apartments and waive the requirement to submit the application materials 60 days prior to the Board meeting pursuant to 10 TAC §50.12(a)(2).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Baypointe Apartments, TDHCA Number 060425

BASIC DEVELOPMENT INFORMATION

Site Address:	901 S. Kobayashi Road			Development #:	060425
City:	Webster	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77598	Allocation:	Urban/Exurban

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Purpose/Activity:

Bond Issuer: Harris County 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:	Webster Baypointe Apartments, L.P.	
Owner Contact and Phone	Michael G. Robinson	(713) 850-7168
Developer:	Robinson Capital & Investment, Inc.	
Housing General Contractor:	RCI Construction, L.L.C	
Architect:	Hill & Frank Architects, Inc.	
Market Analyst:	Butler Burgher	
Syndicator:	SunAmerica Affordable Housing Partners, Inc.	
Supportive Services:	Texas Housing Service Resources, Inc.	
Consultant:	N/A	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	236	0	60	96	80	0	0

Type of Building:

- ☑ 5 units or more per building
- ☐ Duplex
- ☐ Detached Residence
- ☐ Triplex
- ☐ Single Room Occupancy
- ☐ Fourplex
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	236
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	236
Total Development Cost:	$24,304,022
Number of Residential Buildings:	22
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$956,177	$956,177	0	0	0.00%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Baypointe Apartments, TDHCA Number 060425

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

TX Representative: Davis, District 129

US Representative: DeLay, District 22,

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Donna Rogers, Mayor, City of Webster - NC

Resolution of Support from Local Government ☐

James E. Williams, Community Development Director, City of Webster - The Comprehensive Plan does not indicate specifically the need for affordable housing in Webster.

David Turkel, Director, Harris County Community & Economic Development Department - Consistent wit the HUD approved 2003-2007 Consolidated Plan for Harris County.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Board waiver of its QAP rule under Section 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.

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

August 30, 2006

Development Information, Public Input and Board Summary

Baypointe Apartments, TDHCA Number 060425

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

4% Housing Tax Credits: Credit Amount: $956,177

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $956,177 annually for ten years, subject to conditions.

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 23, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060425

DEVELOPMENT NAME

Baypointe Apartments

APPLICANT

Name:	Houston Baypointe Apartments, LP		**Contact:**	Michael G Robinson	
Address:	4900 Woodway, Suite 880				
City	Houston		**State:**	TX	**Zip:** 77056
Phone:	(713) 850-7168	**Fax:** (713) 621-9166	**Email:**	mrobinson@robcap.com	

KEY PARTICIPANTS

Name:	Webster Baypointe Apartments, LP	**Title:**	.01% Managing General Partner of Applicant
Name:	Robinson Capital & Investment, Inc	**Title:**	49% Owner of GP / Developer
Name:	Blake S Searcy	**Title:**	51% Owner of GP
Name:	Michael G Robinson	**Title:**	100% Owner of Robinson Capital & Investment, Inc.

PROPERTY LOCATION

Location:	East side of Kobayashi Road, south of Magnolia Road		
City:	Webster	**Zip:**	77598
County:	Harris	**Region:**	6

☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$956,177	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $956,177 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

1. Board waiver of its QAP rule under Section 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Baypointe Apartments was submitted, underwritten and received an allocation of 4% tax credits and bonds during the 2004 4% HTC cycle under application number 04494. The construction is approximately 65% complete. Due to the increase in construction costs, delays due to Hurricane Rita, and subsequent labeling of Harris County as a Difficult to Develop Area, the Applicant has reapplied with the request for a new bond and tax credit allocation before the construction has been completed and placed in service. The Applicant has maintained the same unit mix and rent restriction for the subject as in the original application.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 236 **# Res Bldgs** 22 **# Non-Res Bldgs** 3 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 222,080 **Av Un SF:** 941 **Common Area SF:** 5,468 **Gross Bldg SF:** 227,548

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures are constructed on concrete slabs. According to the plans provided in the application the exterior is 67% plywood/hardboard and 33% stone/brick veneer. The interior wall surfaces are drywall and the roofs are finished with composite shingles.

UNIT FEATURES

The interior flooring consists of carpet, resilient covering, and ceramic tile. Threshold criteria for the 2006 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 fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave, an ice maker in the refrigerator, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a community laundry room, controlled access gates, a covered pavilion that includes barbecue grills and tables, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a service coordinators office in addition to the leasing offices, a swimming pool, and two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each

Uncovered Parking: 316 spaces **Attached Garages:** 176 spaces **Detached Garages:** 60 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Baypointe Apartments is a 17-unit per acre new construction development that is nearing completion of construction. The development is located in south Webster. The development is comprised of 22 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
5	3	12	4	4
15	2		4	4
2	2		8	

The development includes a 4,000-square foot community building and a separate 933-square foot laundry and storage building and a 535-square foot laundry and maintenance building.

According to the Applicant, the construction of the development is approximately 65% complete and is expected to begin pre-leasing by late November. The development is planned to be placed in service by early 2007.

SITE ISSUES

SITE DESCRIPTION

Total Size:	13.77 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	R-2 / Multiple Family Residential	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The development site is an irregular-shaped parcel located approximately one mile south of Webster's central business district and approximately five miles west from the coast of the Gulf of Mexico in Harris County.

Adjacent Land Uses:

- **North:** The NASA Road 1 By-Pass (currently under construction) immediately adjacent and a new ITT Technical Institute beyond;
- **South:** vacant land;
- **East:** utility easement immediately adjacent and an Exxon petroleum storage tank farm beyond; and
- **West:** Kobayashi Road immediately adjacent, vacant land, and retail development (currently under construction) immediately adjacent and IH 45/Gulf Freeway beyond.

Site Access: According to the siteplan submitted in the application, access to the site will be from Kobayashi Road located adjacent to the site. IH 45 is located less than one-half of a mile west of the site and provides access to other areas of the region and state.

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

Shopping & Services: A major supermarket, other retail centers and restaurants, medical complexes, a library, and public schools are all located within two miles of the site.

TDHCA SITE INSPECTION

Inspector: TDHCA Staff **Date:** 11/10/2004

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments: The site has not been re-inspected and there is no need to do so for viability purposes at this time.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated August 18, 2006 was prepared by Live Oak Environmental Consultants (LOEC) and contained the following findings and recommendations:

Findings:

- **Noise:** "Regarding a noise study, at the present time, the only noise in the area of the subject property is from construction activities and access to the site from the public thoroughfare. Interstate Highway 45 (the Gulf Freeway), is located in excess of 0.25 miles west of the subject property. There is a large commercial building between the Gulf Freeway and the subject property, effectively blocking the majority of noise generated on the highway. There are no active rail lines or civil or military airports in the immediate vicinity of the subject property."
- **Floodplain:** "The current FEMA Flood map shows the subject property to be unshaded Zone X which is areas outside the 500 year flood plain. Flood risk to the property is deemed minimal since it is outside the 500 year flood plain."
- **Asbestos-Containing Materials (ACM):** "LOEC found no visible evidence of…damaged friable Asbestos Containing Material (ACM)."
- **Lead-Based Paint (LBP):** "LOEC found no visible evidence of…deteriorating possibly lead based paint."
- **Lead in Drinking Water:** "Drinking water for the subject property will be/is provided by the City of Webster, Texas. As such, lead in drinking water is not expected to be an issue."

- **Radon:** "With regard to Radon, there are no significant natural background levels of Radon exceeding the Environmental Protection Agency (EPA) action level of 4.0 picocuries per liter of air (pCi/l) identified in southeast Texas."
- **Other:** The Applicant also provided a Phase I ESA performed by Live Oak Environmental Consultants and dated September 30, 2004. It also found "no environmental factors of appreciable risk" and stated that "no further environmental testing or investigation is recommended."

Recommendations: "During the site inspection and through subsequent research and review of appropriate data and records, there were no environmental factors of appreciable risk discovered." No recommendation regarding subsequent investigation or action is indicated in the Phase I ESA.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One-hundred percent of the 236 units will be reserved for households earning 60% or less of AMI. The development qualifies for a Priority 3 Private Activity Bond allocation. Of note, any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321).

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 18, 2006 was prepared by Butler Burgher, Inc ("Market Analyst") and included the following findings:

Secondary Market Information: The Market Analyst did not include a secondary market area.

Definition of Primary Market Area (PMA): "The subject's Primary Market Area has been designated as the area southeast of FM 2351 and Clear Lake City Boulevard, southwest of Space Center Boulevard, and north and west of FM 518. This area was chosen as it represents the competitive area for the subject improvements, meets the TDHCA population and boundary parameters, and includes areas which are subject to similar income and rent levels." This area encompasses approximately 36.45 square miles and is equivalent to a circle with a radius of 3.41 miles. The market area is slightly smaller than the market area included in the original application in order to accommodate the current maximum population requirements for a PMA.

Population: The estimated 2006 population of the PMA is 90,076 and is expected to increase by 6.6% (1.6% annually) to approximately 95,820 by 2011. Within the primary market area there are estimated to be 37,077 households in 2006.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 100%. The Analyst's income band of $23,520 to $39,540 results in an income eligible adjustment rate of 15.94% (p. 47). The tenure appropriate adjustment rate of 46% is specific to the general population (p. 47). The Market Analyst indicates a turnover rate of 65% applies based on 2005 IREM data (p. 48).

MARKET DEMAND SUMMARY

Type of Demand	Market Analyst: Units of Demand	Market Analyst: % of Total Demand	Underwriter: Units of Demand	Underwriter: % of Total Demand
Household Growth	35	2%	43	2%
Resident Turnover	1,767	98%	1,721	98%
TOTAL DEMAND	**1,802**	**100%**	**1,764**	**100%**

p. 49

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 13.09% based upon 1,802 units of demand and 236 unstabilized affordable housing units in the PMA (including the subject) (p. 49). The Underwriter calculated an inclusive capture rate of 13.38% based upon a supply of 236 unstabilized comparable affordable units divided by a revised demand estimate for 1,764 affordable units.

Unit Mix Conclusion: "The subject's proposed mix of units is recommended and is competitive with the other product in the market. The proposed community will offer 236 units with good amenities that include 1 car attached garage per unit, full-size range, dishwasher, disposal, washer/dryer connections, pantry, patio/balcony with storage, microwave, linen or coat closet, garden tubs, ceiling fans, walk-in closet, and cable ready. The physical amenities of the property will include 4,000 sf clubhouse with community room with lounge, TV and kitchen; computer and internet equipped business center, leasing office, fitness center, pool, learning center, two laundry facilities. The unit mix will be conducive to the tenant profile in this area, which will facilitate strong leasing activity" (p. 3).

Market Rent Comparables: The Market Analyst surveyed six comparable multifamily developments in the area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$632	$625	$7	$760	-$137
2-Bedroom (60%)	$759	$751	$8	$980	-$221
3-Bedroom (60%)	$877	$862	$15	$1,225	-$348

(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 PMA is located in the Clearlake submarket, as defined by Apartments Data Services…. The Clear lake submarket boundaries encompass the PMA boundaries as defined in this report. The submarket has a total of 20,325 units (Apartment Data Services – Market TRAC, August 2006). Market TRAC is reporting an occupancy rate of 88.4% for this submarket, with 1,510 units built since 2001" (p. 5). "The Primary Market Area has only 105 LIHTC units with occupancy levels at 93%" (p. 42).

Absorption Projections: "An absorption rate of 15 units/month is reasonable for the subject, as encumbered by the 60% AMI income and rent restrictions, considering the location in Webster in an area without adequate affordable housing. The subject is approximately 60% complete but is not leasing yet" (p. 50).

Unstabilized, Under Construction, and Planned Development: "The subject is nearly complete new construction of an affordable rental community with 100% of the units being income and rent restricted at 60% AMI. At this time there are no other completed but unstabilized or approved HTC units within the PMA except for the subject property" (p. 50).

Market Impact: The Market Analyst did not specifically provide an opinion regarding the potential market impact of the subject development.

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Friendswood/Clearlake submarket (#22) within the Houston MSA. According to the Department market study; there are -96 units of demand for one bedroom units at the 60% income level; -85 units of demand for two bedroom units at the 60% income level; and -37 units of demand for three bedroom units at the 60% income level (p. III-863).

The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attract away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied.).

The Underwriter requested additional information from the Market Analyst to explore these and other differences. In a follow-up analysis dated August 21, 2006 the Market Analyst indicated the following concerns with the study commissioned by the Department:

- "First, it should be noted that the conclusions of the two reports are similar with respect to determining if there is sufficient demand to warrant the development of the subject units. Our market study, with a simple and inclusive capture rate of 13.09%, indicates more than adequate demand for the subject units. The VWB report concludes, for the Friendswood/Clear Lake submarket, that 'the need for units targeting the general population at 60% AMHI will be met by the Tax Credit units currently under construction or in lease up.' The VWB report includes the subject units as under construction.

- However, while the demand conclusions for the subject units are similar, the methodologies utilized to arrive at these conclusions are very different. The first and most obvious difference is the size of the markets analyzed, both geographically and in terms of population. The Friendswood/Clear Lake submarket, as defined by VWB, encompasses an area of 268 square miles and a 2005 population of 308,984. As per the 2006 QAP guidelines, we defined the PMA of the subject to include no more than 100,000 people which resulted in a geographical area of approximately 40 square miles.
- The second primary methodological difference is the manner in which total demand is calculated. As per the 2006 QAP, we included the annual turnover rate in the demand figures. The VWB methodology includes only new household growth of income-qualified households and replacement of functionally obsolete product. It excludes annual turnover from demand.
- Based on these two methodological differences alone, it is easy to imagine that one report would suggest there is sufficient demand for a proposed property while another would suggest demand is insufficient for the same property. While that is not the case in this instance, we believe that comparison of results from the two reports is meaningless. Furthermore, we have completed our market study under the 2006 QAP guidelines and the results of our analysis indicate more than sufficient demand for the subject units."

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of October 15, 2004, maintained by the Housing Authority of the City of Houston, from the 2006 program gross rent limits. The Underwriter has used utility allowances, dated April 1, 2006, maintained by the Harris County Housing Authority. Tenants will be required to pay electric. Despite the difference noted above, the Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate. In addition, the Applicant's estimates of secondary income and vacancy and collection loss are each within the Department's guidelines.

Expenses: The Applicant's total annual operating expense projection at $4,085 per unit is within 5% of the Underwriter's estimate of $4,098, derived from the TDHCA database and third-party data sources. However, a couple of the Applicant's estimates of certain line items differ significantly from the Underwriter's estimates, including: general and administrative (52% or $45K lower); and utilities (33% or $18K lower). Also, the Applicant understated TDHCA compliance fees.

Conclusion: The Applicant's estimates of potential gross income, operating expenses, and net operating income are each within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio (DCR). The Applicant's proforma and estimated debt service result in a DCR within the current underwriting guideline of 1.10 to 1.30. Of note, while not used, the Underwriter's proforma and estimate debt service result in a DCR that is also within the Department's guideline.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 13.77 acres	$1,001,550	**Assessment for the Year of:**	2004
1 acre:	$72,734	**Valuation by:**	Harris County Appraisal District
Total Assessed Value:	$1,001,550	**Tax Rate:**	2.67877

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Asset Purchase Agreement (13.77 acres)

Contract Expiration: December 15, 2006 **Valid through Board Date?** ☒ Yes ☐ No

Acquisition Cost: $2,225,000 **Other:**

Seller: Houston Baypointe Apartments, LP **Related to Development Team?** ☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: While the transfer of the land to the partnership is an identity of interest transaction, the acquisition cost listed in the site control document is equal to the original acquisition cost listed in the settlement statement between Elektra Enterprises, Inc/David Angel and Houston Baypointe Apartments, LP. The original acquisition was not an identity of interest transaction. Therefore, the site cost of $161,583 per acre or $9,428 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,490 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 $575K or 5.04% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $20,488,046 supports annual tax credits of $956,177. 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: SunAmerica Affordable Housing Partners **Contact:** Dana Mayo

Tax-Exempt: $13,600,000 **Interest Rate:** 5.6%, fixed, lender's estimate **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

TAX CREDIT SYNDICATION

Source: SunAmerica Affordable Housing Partners **Contact:** Dana Mayo

Proceeds: $8,127,504 **Net Syndication Rate:** 85% **Anticipated HTC:** $956,177/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $1,815,908 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The mortgage revenue bonds will be issued by the Texas Department of Housing and Community Affairs and placed with SunAmerica Affordable Housing Partners. The interim to 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 $1,815,908 amount to 68% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $13,600,000 indicates the need for $9,943,412 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,169,813 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($956,177), the gap-driven amount ($1,169,813), and eligible basis-derived estimate ($966,831), the Applicant's request of $956,177 is recommended resulting in proceeds of $8,127,504 based on a syndication rate of 85%.

The Underwriter's recommended financing structure indicates the need for $1,815,908 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, property manager, and supportive services provider 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 substantial financial statements.
- The 100% owner of Robinson Capital & Investment, Inc, Michael G Robinson, submitted an unaudited financial statement as of June 30, 2006 respectively and is anticipated to be guarantors of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.

Underwriter:	*Cameron Dorsey*	**Date:**	August 23, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Baypointe Apartments, Webster, HTC 4%/Bond, #060425

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected			Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	60	1	1	688	$686	$625			$37,500	$0.91	$61.00	$19.00
TC 60%	96	2	2	950	823	751			72,096	0.79	72.00	24.00
TC 60%	80	3	2	1,120	951	862			68,960	0.77	89.00	36.00
TOTAL:	236		AVERAGE:	941	$832	$757			$178,556	$0.80	$74.97	$26.80

INCOME	Total Net Rentable Sq Ft:	222,080		TDHCA	Original UW	Original APP	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$2,142,672	$2,208,144	$2,208,144	$2,171,328		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$15.00	42,480	42,480	42,480	42,480	$15.00	Per Unit Per Month	
Other Support Income:				0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$2,185,152	$2,250,624	$2,250,624	$2,213,808			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(163,886)	(168,797)	(168,792)	(166,032)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0			
EFFECTIVE GROSS INCOME				$2,021,266	$2,081,827	$2,081,832	$2,047,776			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	Original UW	Original APP	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.25%	$364	0.39	$85,904	$55,932	$39,420	$41,240	$0.19	$175	2.01%
Management		5.00%	428	0.46	101,063	83,273	83,273	102,389	0.46	434	5.00%
Payroll & Payroll Tax		10.26%	879	0.93	207,444	226,185	200,600	212,400	0.96	900	10.37%
Repairs & Maintenance		4.99%	427	0.45	100,772	110,344	118,528	119,640	0.54	507	5.84%
Utilities		2.63%	225	0.24	53,076	36,708	28,320	35,400	0.16	150	1.73%
Water, Sewer, & Trash		3.75%	322	0.34	75,888	81,224	87,792	84,960	0.38	360	4.15%
Property Insurance		3.85%	329	0.35	77,728	62,472	70,800	94,400	0.43	400	4.61%
Property Tax	2.67877	8.76%	750	0.80	177,013	218,417	212,400	188,800	0.85	800	9.22%
Reserve for Replacements		2.92%	250	0.27	59,000	59,000	59,000	59,000	0.27	250	2.88%
Other: compl fees		1.45%	124	0.13	29,264	14,396	12,036	25,724	0.12	109	1.26%
TOTAL EXPENSES		47.85%	$4,098	$4.35	$967,152	$947,951	$912,169	$963,953	$4.34	$4,085	47.07%
NET OPERATING INC		52.15%	$4,467	$4.75	$1,054,113	$1,133,877	$1,169,663	$1,083,823	$4.88	$4,592	52.93%
DEBT SERVICE											
First Lien Mortgage		46.35%	$3,970	$4.22	$936,897	$1,028,948	$1,029,000	$936,900	$4.22	$3,970	45.75%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.80%	$497	$0.53	$117,216	$104,929	$140,663	$146,923	$0.66	$623	7.17%
AGGREGATE DEBT COVERAGE RATIO					1.13	1.10	1.14	1.16			
RECOMMENDED DEBT COVERAGE RATIO							1.14	1.16			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	Original UW	Original APP	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		9.15%	$9,428	$10.02	$2,225,000	$2,225,000	$2,225,000	$2,225,000	$10.02	$9,428	9.45%
Off-Sites		0.00%	0	0.00	0	0		0	0.00	0	0.00%
Sitework		7.27%	7,490	7.96	1,767,757	1,755,496	1,755,496	1,767,757	7.96	7,490	7.51%
Direct Construction		46.94%	48,339	51.37	11,407,917	10,308,948	10,367,600	10,833,094	48.78	45,903	46.01%
Contingency	3.79%	2.06%	2,119	2.25	500,000	603,222	608,684	500,000	2.25	2,119	2.12%
General Req'ts	5.74%	3.11%	3,204	3.40	756,051	723,867	728,604	756,051	3.40	3,204	3.21%
Contractor's G & A	1.91%	1.04%	1,068	1.13	252,017	241,289	242,872	252,017	1.13	1,068	1.07%
Contractor's Profit	5.74%	3.11%	3,204	3.40	756,051	723,867	728,604	756,051	3.40	3,204	3.21%
Indirect Construction		5.64%	5,812	6.18	1,371,624	894,800	894,800	1,371,624	6.18	5,812	5.83%
Ineligible Costs		3.01%	3,095	3.29	730,367	343,540	343,540	730,367	3.29	3,095	3.10%
Developer's G & A	1.53%	1.16%	1,191	1.27	281,187	339,581		0	0.00	0	0.00%
Developer's Profit	13.00%	9.84%	10,131	10.77	2,390,813	2,207,277	2,590,836	2,672,000	12.03	11,322	11.35%
Interim Financing		6.50%	6,693	7.11	1,579,452	1,727,565	1,727,565	1,579,452	7.11	6,693	6.71%
Reserves		1.18%	1,211	1.29	285,787	455,057		100,000	0.45	424	0.42%
TOTAL COST		100.00%	$102,983	$109.44	$24,304,022	$22,549,508	$22,213,601	$23,543,412	$106.01	$99,760	100.00%
Construction Cost Recap		*63.53%*	***$65,423***	***$69.52***	***$15,439,793***	***$14,356,688***	***$14,431,860***	***$14,864,970***	***$66.94***	***$62,987***	*63.14%*

SOURCES OF FUNDS				TDHCA	Original UW	Original APP	APPLICANT	RECOMMENDED	
First Lien Mortgage	55.96%	$57,627	$61.24	$13,600,000	$14,000,000	$14,000,000	$13,600,000	$13,600,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0		0	0	$2,672,000
HTC Syndication Proceeds	33.44%	$34,439	$36.60	8,127,504	5,874,658	5,874,658	8,127,504	8,127,504	% of Dev. Fee Deferred
Deferred Developer Fees	7.47%	$7,695	$8.18	1,815,908	0		1,815,908	1,815,908	68%
Additional (Excess) Funds Req'd	3.13%	$3,223	$3.42	760,610	2,674,851	2,338,943	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$24,304,022	$22,549,508	$22,213,601	$23,543,412	$23,543,412	$4,749,044

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Baypointe Apartments, Webster, HTC 4%/Bond, #060425

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.84	$11,069,372
Adjustments				
Exterior Wall Finish	1.97%		$0.98	$218,067
9-Ft. Ceilings	3.00%		1.50	332,081
Roofing			0.00	0
Subfloor			(1.11)	(246,620)
Floor Cover			2.22	493,018
Porches/Balconies	$19.96	21,897	1.97	437,053
Fixtures	$680	528	1.62	359,040
Built-In Appliances	$1,675	236	1.78	395,300
Stairs/Fireplaces	$1,650	74	0.55	122,100
Rough-ins	$340	472	0.72	160,480
Heating/Cooling			1.73	384,198
Garages (236)	$23.46	69,768	7.37	1,636,607
Comm &/or Aux Bldgs	$62.87	5,468	1.55	343,787
Other:			0.00	0
SUBTOTAL			70.72	15,704,482
Current Cost Multiplier	1.04		2.83	628,179
Local Multiplier	0.89		(7.78)	(1,727,493)
Comparative Multiplier	0.96		(2.52)	(560,333)
TOTAL DIRECT CONSTRUCTION COSTS			$63.24	$14,044,835
Plans, specs, survy, bld prm	3.90%		($2.47)	($547,749)
Interim Construction Interest	3.38%		(2.13)	(474,013)
Contractor's OH & Profit	11.50%		(7.27)	(1,615,156)
NET DIRECT CONSTRUCTION COSTS			$51.37	$11,407,917

PAYMENT COMPUTATION

Primary	$13,600,000	Amort	360
Int Rate	5.60%	DCR	1.13

Secondary		Amort	
Int Rate		Subtotal DCR	1.13

Additional		Amort	
Int Rate		Aggregate DCR	1.13

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$936,897
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$146,927

Primary	$13,600,000	Amort	360
Int Rate	5.60%	DCR	1.16

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

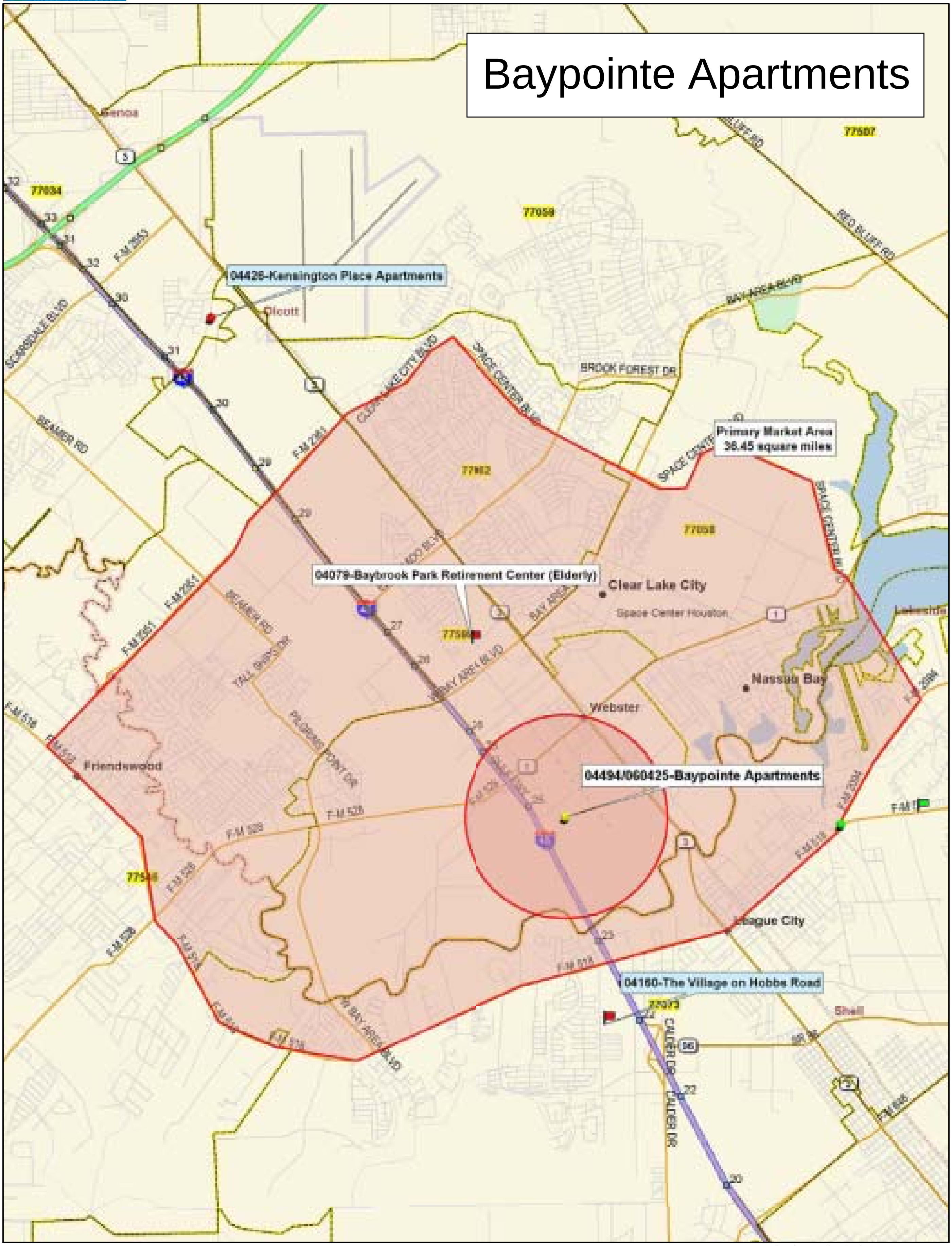
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,171,328	$2,236,468	$2,303,562	$2,372,669	$2,443,849	$2,833,091	$3,284,328	$3,807,437	$5,116,877
Secondary Income	42,480	43,754	45,067	46,419	47,812	55,427	64,255	74,489	100,107
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,213,808	2,280,222	2,348,629	2,419,088	2,491,660	2,888,517	3,348,583	3,881,926	5,216,984
Vacancy & Collection Loss	(166,032)	(171,017)	(176,147)	(181,432)	(186,875)	(216,639)	(251,144)	(291,144)	(391,274)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,047,776	$2,109,206	$2,172,482	$2,237,656	$2,304,786	$2,671,879	$3,097,439	$3,590,781	$4,825,710
EXPENSES at 4.00%									
General & Administrative	$41,240	$42,890	$44,605	$46,389	$48,245	$58,697	$71,414	$86,886	$128,613
Management	102,389	105460.073	108623.8748	111882.591	115239.0688	133593.6648	154871.672	179538.7142	241285.0188
Payroll & Payroll Tax	212,400	220,896	229,732	238,921	248,478	302,311	367,808	447,495	662,402
Repairs & Maintenance	119,640	124,426	129,403	134,579	139,962	170,285	207,178	252,063	373,115
Utilities	35,400	36,816	38,289	39,820	41,413	50,385	61,301	74,582	110,400
Water, Sewer & Trash	84,960	88,358	91,893	95,568	99,391	120,925	147,123	178,998	264,961
Insurance	94,400	98,176	102,103	106,187	110,435	134,361	163,470	198,887	294,401
Property Tax	188,800	196,352	204,206	212,374	220,869	268,721	326,941	397,773	588,801
Reserve for Replacements	59,000	61,360	63,814	66,367	69,022	83,975	102,169	124,304	184,000
Other	25,724	26,753	27,823	28,936	30,093	36,613	44,546	54,197	80,224
TOTAL EXPENSES	$963,953	$1,001,487	$1,040,491	$1,081,025	$1,123,147	$1,359,868	$1,646,822	$1,994,724	$2,928,203
NET OPERATING INCOME	$1,083,823	$1,107,719	$1,131,990	$1,156,631	$1,181,639	$1,312,011	$1,450,618	$1,596,057	$1,897,507
DEBT SERVICE									
First Lien Financing	$936,897	$936,897	$936,897	$936,897	$936,897	$936,897	$936,897	$936,897	$936,897
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	$146,927	$170,822	$195,093	$219,734	$244,742	$375,114	$513,721	$659,160	$960,610
DEBT COVERAGE RATIO	1.16	1.18	1.21	1.23	1.26	1.40	1.55	1.70	2.03

HTC ALLOCATION ANALYSIS -Baypointe Apartments, Webster, HTC 4%/Bond, #060425

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	$2,225,000	$2,225,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,767,757	$1,767,757	$1,767,757	$1,767,757
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,833,094	$11,407,917	$10,833,094	$11,407,917
(4) Contractor Fees & General Requirements				
Contractor overhead	$252,017	$252,017	$252,017	$252,017
Contractor profit	$756,051	$756,051	$756,051	$756,051
General requirements	$756,051	$756,051	$756,051	$756,051
(5) Contingencies	$500,000	$500,000	$500,000	$500,000
(6) Eligible Indirect Fees	$1,371,624	$1,371,624	$1,371,624	$1,371,624
(7) Eligible Financing Fees	$1,579,452	$1,579,452	$1,579,452	$1,579,452
(8) All Ineligible Costs	$730,367	$730,367		
(9) Developer Fees				
Developer overhead		$281,187		$281,187
Developer fee	$2,672,000	$2,390,813	$2,672,000	$2,390,813
(10) Development Reserves	$100,000	$285,787		
TOTAL DEVELOPMENT COSTS	$23,543,412	$24,304,022	$20,488,046	$21,062,869

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		$20,488,046	$21,062,869
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$26,634,459	$27,381,729
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$26,634,459	$27,381,729
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		$966,831	$993,957
Syndication Proceeds	**0.8500**	**$8,218,062**	**$8,448,632**
Total Tax Credits (Eligible Basis Method)		**$966,831**	**$993,957**
Syndication Proceeds		**$8,218,062**	**$8,448,632**
Requested Tax Credits		**$956,177**	
Syndication Proceeds		**$8,127,504**	
Gap of Syndication Proceeds Needed		**$9,943,412**	
Total Tax Credits (Gap Method)		**$1,169,813**	



TN
MN (3.7°E)

Scale 1 : 81,250

1" = 1.28 mi   Data Zoom 11-3

Applicant Evaluation

Project ID # **060425** Name: **Baypointe Apartment** 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: 9

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

in noncompliance: 0

Projects grouped by score: zero to nine: 9; ten to nineteen: 0; twenty to twenty-nine: 0

monitored with a score less than thirty: 9

Projects not reported in application: Yes ☐ No ☑

not yet monitored or pending review: 4

of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Portfolio Analysis**	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 8/17/2006

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (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	M. Tynan	Reviewer	David Burrell
Date	8 /17/2006	Date	8 /21/2006	Date	8 /17/2006

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Raul Gonzales	Reviewer	Melissa M. Whitehead
Date	8 /17/2006	Date	8 /18/2006	Date	8 /18/2006

Housing Tax Credit Program
Board Action Request
August 30, 2006

Action Item

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

Recommendation

Staff is recommending that the board review and approve the issuance four (4) four percent (4%) Tax Credit Determination Notices with **other issuers** for the tax exempt bond transactions known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
060401	Cypress Creek at River Bend (aka Northwest Residential)	Georgetown	Capital Area HFC	180	180	$18,567,687	$10,279,000	$641,099	$592,434
060421	Woodside Manor Senior Community	Conroe	Montgomery County HFC	220	180	$19,226,525	$13,250,000	$716,232	$646,769
060422	Costa Mirada	San Antonio	San Antonio HFC	212	211	$21,735,075	$11,169,000	$885,339	$885,339
060415	Village Creek Apartments	Fort Worth	Tarrant County HFC	252	252	$24,366,762	$15,000,000	$932,493	$932,493

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Cypress Creek at River Bend (fka Northwest Residential Apartments).

Summary of the Transaction

This application involves the re-determination of Housing Tax Credits due to a change in the bond amount and financing structure. The applicant, Northwest Residential, L.P. submitted their application for 4% Housing Tax Credits (HTC) and HOME Rental Development funds (HOME) on December 12, 2005. At the May 4, 2006 Board meeting, the Board approved an award of HOME Rental Development funds in the amount of $1.95 million and a determination of HTC in the amount of $555,569. The bonds were proposed in the amount of $8,050,000 to be issued through Capital Area HFC. Subsequent to the Board's approval of HOME and HTC funds, the Applicant restructured the financing of the development to increase the bond amount to $10,279,000 and to request an increase in the HTC amount to $641,099. The proposed increase requires a re-determination of HTC. The new financing structure makes the development more financially feasible.

The proposed development is to be located at 120 River Bend Drive in Georgetown, Williamson County, Texas, and includes the new construction of 180 units targeted to low income families. Demographics for the census tract include AMFI of $66,996; the total population is 6,158; the percent of population that is minority is 23.38%; the percent of population that is below the poverty line is 6.74%; the number of owner occupied units is 1,225; the number of renter units is 1,128 and the number of vacant units is 117. The percent of population that is minority for the entire City of Georgetown is 23% (Census information from FFIEC Geocoding for 2006). The Issuer for this transaction is Capital Area HFC. The site is currently zoned for such a development. The Department has received no letters in support and no letters in opposition. The bond priority for this transaction is:

☒ **Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and**
Set aside **50%** of units that cap rents at 30% of **60%** AMFI
(MUST receive 4% Housing Tax Credits)

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice for Housing Tax Credits for the Cypress Creek at River Bend (fka Northwest Residential Apartments).

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Cypress Creek at River Bend (aka Northwest Residential), TDHCA Number

BASIC DEVELOPMENT INFORMATION

Site Address: 120 River Bend Drive

Development #: 060401

City: Georgetown | Region: 7 | Population Served: Family

County: Williamson | Zip Code: 78628 | Allocation: Urban/Exurban

HOME Set Asides: ☐ CHDO ☐ Preservation ☑ General

Purpose/Activity: NC

Bond Issuer: Capital Area HFC

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

OWNER AND DEVELOPMENT TEAM

Owner:	Northwest Residential LP	
Owner Contact and Phone	Stuart Shaw	(512) 220-8000
Developer:	SSFP Northwest IV LP	
Housing General Contractor:	Galaxy Builders, Ltd.	
Architect:	Chiles Architects, Inc.	
Market Analyst:	O'Connor and Associates	
Syndicator:	Paramount Financial Group	
Supportive Services:	TBD	
Consultant:	N/A	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	90	90	0	36	72	64	8	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 5 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	180
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	180
Total Development Cost:	$18,567,687
Number of Residential Buildings:	10
HOME High Total Units:	21
HOME Low Total Units:	8

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$641,099	$592,434	0	0	0.00%
TDHCA Bond Allocation Amount:		$0	0	0	0.00%
HOME Activity Fund Amount:	$1,950,000	$1,950,000	40	40	00.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Cypress Creek at River Bend (aka Northwest Residential), TDHCA Number

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Ogden, District 5 NC

TX Representative: Gattis, District 20 NC

US Representative: Carter, District 31, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: George Nelon, Mayor, City of Georgetown - NC

Resolution of Support from Local Government ☐

Edward G. Polasck, Chief Long Range Planner, City of Georgetown - The proposed development is consistent with the local Plan.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

N/A

General Summary of Comment:

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

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

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

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

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

August 30, 2006

Development Information, Public Input and Board Summary

Cypress Creek at River Bend (aka Northwest Residential), TDHCA Number

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

4% Housing Tax Credits: Credit Amount: $592,434

Recommendation: **Recommend approval of a Housing Tax Credit allocation not to exceed $592,434 annually for ten years, subject to conditions**

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $1,950,000

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation: **Awarded funds at the May 2006 board meeting.**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ADDENDUM

DATE: August 22, 2006 **PROGRAM:** 4% HTC and HOME **FILE NUMBER:** 060401

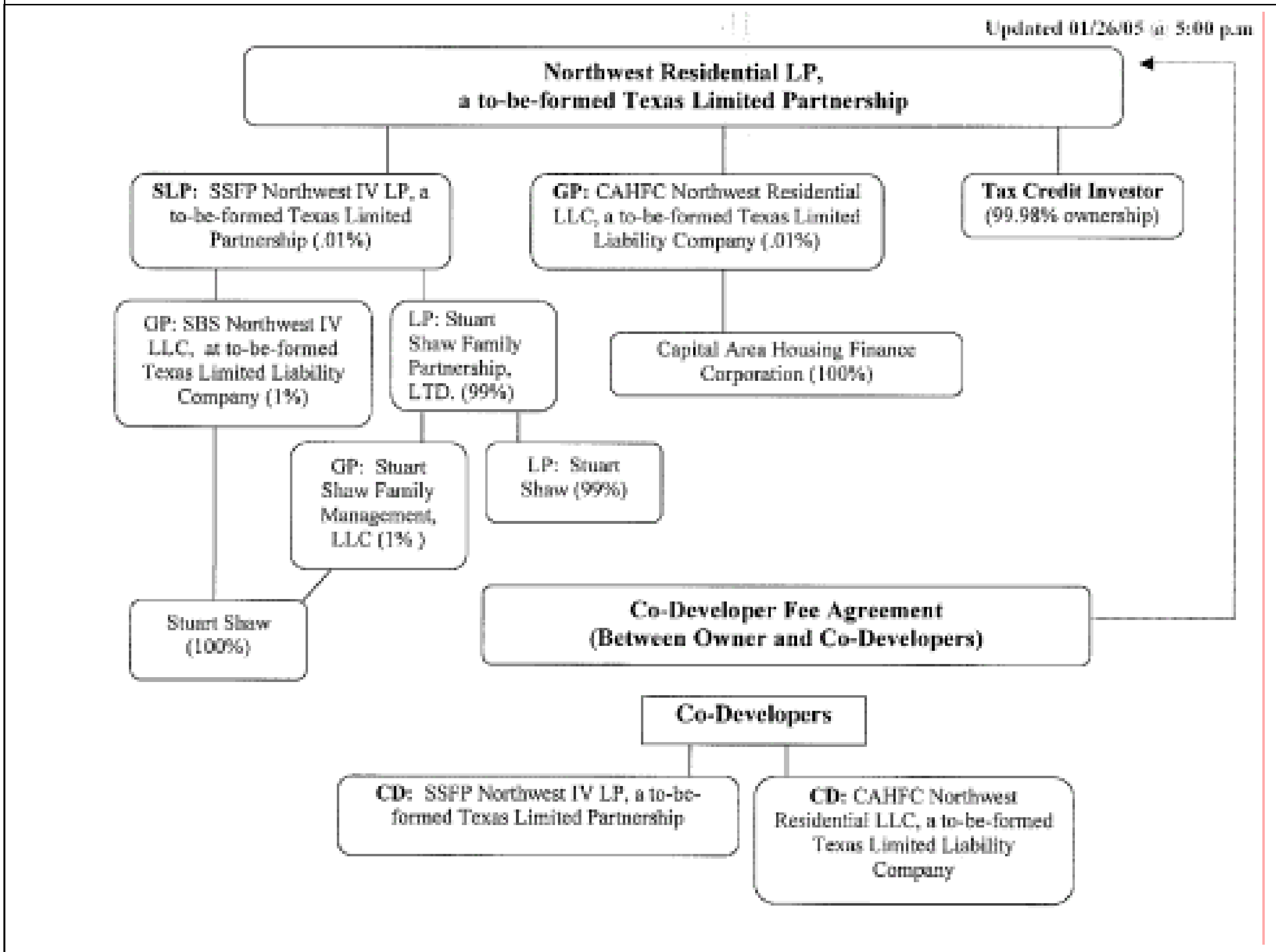
DEVELOPMENT NAME

Cypress Creek at River Bend – fka Northwest Residential

APPLICANT

Name:	Northwest Residential, LP		**Contact:**	Stuart Shaw	
Address:	PO Box 2217				
City:	Austin		**State:**	TX	**Zip:** 78768
Phone:	(512) 220-8000	**Fax:** (512) 329-9002	**Email:**	stuart@bonnercarrington.com	

KEY PARTICIPANTS



PROPERTY LOCATION

Location:	120 River Bend Drive		
City:	Georgetown	**Zip:**	78628
County:	Williamson	**Region:**	7

☐ **QCT** ☐ **DDA**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC[1]	$641,099	N/A	N/A	N/A
HOME[2]	$1,950,000	1%	40 yrs	40 yrs

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

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $592,434 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Review, receipt and acceptance of the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.
2. Review, receipt and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended in the Phase I ESA.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

ADDENDUM

The underwriting analysis has been revised to reflect the Applicant's proposed amendments to the original application. The original bonds did not close as projected and a new bond reservation was obtained. Amendments include an increase in the amount of requested tax credits, and a revised development cost schedule. In addition, revisions to the development's sources and uses of funds were made, particularly: the amount, type, terms, issuer and purchaser of bonds, the amount, terms, and issuer of syndication proceeds, and a decrease in the amount of developer fee. The Applicant also made minor changes to their anticipated rent and operating expenses, however, the Underwriter's original concerns and conclusions in this regard remain unchanged.

As reflected in the original Underwriting Report dated April 26, 2006, with which this addendum should be read as one whole report, the Applicant's projected rents collected per unit do not appear to be based on current HTC rent limits, HOME rent limits, or the market rent conclusions indicated in the Market Study. For each unit type, the Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the rents calculated by subtracting tenant-paid utility allowances as of January 30, 2006, maintained by the Housing Authority of the City of Georgetown, from the 2006 program gross rent limits. The Applicant's proposed rents appear to be much lower than the underwritten rents. Tenants will be required to pay electric, natural gas, water, and sewer costs. However, the Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Due to the difference in potential tenant-paid rent for each unit type, the Applicant's effective gross rent is not within 5% of the Underwriter's estimate.

The Applicant's total expense estimate of $2,946 per unit is not within 5% of the Underwriter's database-derived estimate of $3,618 per unit. The Applicant's budget shows several line item estimates that also deviate significantly when compared to the database averages, particularly: general and administrative ($30K lower) and water, sewer and trash ($16K lower). The Applicant indicated that the owner of the General Partner, Capital Area Housing Finance Corporation, is exempt from property taxes and submitted the relevant legislation documentation. A 100% exemption typically requires either the exempt entity to own, or have

[1] Previously approved credits of $555,569, that determination will be rescinded in favor of the proposed.
[2] Previously approved on May 4, 2006

owned the property, and lease to the partnership; or the entity to secure an agreement for tax abatement from each of the local taxing authorities. The Applicant did not include a lease or other documentation of such an arrangement, therefore the underwriting analysis assumes a 50% property tax exemption. Should a 100% exemption be achieved, an additional $59K in NOI could be achieved.

The Applicant's estimated effective gross income, and total operating expense, are each inconsistent with the Underwriter's expectations. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

The Applicant's updated direct construction cost estimate is $708K or 8.5% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. Cost for constructing covered parking was excluded from eligible basis by the Applicant. The Applicant's increase represents a 14% increase over the previously estimated amount. Since the original underwriting was completed no new cost data has been received from Marshall and Swift and therefore the Underwriter's direct costs have remained unchanged. The Applicant calculated contractor fees based on Department limits and their now higher costs, but included contractor fees that were $42,951 higher than the 5% TDHCA limit. As a result, developer fees which also increased based on the new construction costs exceed the eligible 15% by $8,075. The Applicant also included, and the Underwriter accepted, increases in indirect costs ($206K), ineligible costs ($93K) and interim financing ($204K). The Applicant also reduced reserves by $19K. In total, the Applicant's development costs have increased by $2,095,451 or 10.4% while the Underwriter's costs have increased $656,375 or 3.5% over four months ago. Since the Applicant's revised costs are now more than 5% greater than the Underwriter's costs, the Underwriter's costs are used to determine the development's need for permanent funds and to calculate eligible basis. As such, an eligible basis of $16,641,406 supports annual tax credits of $592,434. This represents a 7% increase over the previously recommended amount of $555,569.

The tax-exempt bonds are to be issued by Capital Area HFC and purchased by Citibank. The permanent financing commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant anticipates receiving tax-exempt bonds in the amount of $10,279,000 out of a possible $10,500,000 as indicated in a letter by Citibank.

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

The Applicant's proposed deferred developer's fees of $1,387,326 amount to 64% of the total fees.

The Applicant's total development cost estimate, less the permanent mortgage of $10,279,000 and requested HOME allocation of $1,950,000 indicates the need for $6,560,290 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $656,029 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($641,099), the gap-driven amount ($656,029), and eligible basis-derived estimate ($592,434), the eligible basis-derived estimate of $592,434 is recommended resulting in proceeds of $5,924,341 based on a syndication rate of 100%.

The development's requested HOME funds are the unaffected by the proposed amendments and are therefore consistent with the April 26, 2006 Underwriting Report conclusions.

According to the HUD website as of March 2, 2006, the "Cash on Cash Return (on equity), which calculates the percent of return on equity given the amount invested by the developer (developer equity) and the cash flow at the end of the each year considers the developer fee a development cost and not a form of financing or equity for the project." Therefore, the equity would consist of $0 and a return on equity calculation is not possible.

The Underwriter's recommended financing structure indicates the need for $414,346 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within just under four years of stabilized operation.

It should be noted that one new 9% development (060151 Bluffs Landing, 152 units) was proposed for the area, but did not score high enough to receive funding.

SUMMARY OF SALIENT RISKS AND ISSUES

- Items identified in previous reports/ or analysis have not been satisfactorily addressed.
- The Applicant's estimated income, operating expenses, and operating proforma are more than 5% outside of the Underwriter's verifiable range(s).
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents and a 100% property tax exemption can be achieved in this market.
- The seller of the property has an identity of interest with the Applicant.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Diamond Thompson*	**Date:**	August 22, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 22, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Northwest Residential, Georgetown, 4% HTC/HOME #060401

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
LH/TC50%	2	1	1	708	$658	$576	$1,152	$0.81	$82.00	$13.00
TC50%	16	1	1	708	666	$584	9,344	0.82	$82.00	$13.00
HH/TC60%	8	1	1	708	658	$576	4,608	0.81	82.00	$13.00
TC60%	10	1	1	708	800	$587	5,870	0.83	82.00	$13.00
LH/TC50%	5	2	2	1,031	800	$698	3,490	0.68	102.00	$13.00
TC50%	31	2	2	1,031	800	$698	21,638	0.68	102.00	$13.00
HH/TC60%	15	2	2	1,031	804	$702	10,530	0.68	102.00	$13.00
TC60%	21	2	2	1,031	960	$720	15,120	0.70	102.00	$13.00
LH/TC50%	1	3	2	1,215	924	$800	800	0.66	124.00	$13.00
TC50%	31	3	2	1,215	924	$800	24,800	0.66	124.00	$13.00
HH/TC60%	6	3	2	1,215	1,093	$820	4,920	0.67	124.00	$13.00
TC60%	26	3	2	1,215	1,109	$820	21,320	0.67	124.00	$13.00
TC50%	4	4	2	1,357	1031	$871	3,484	0.64	152.00	$13.00
TC60%	4	4	2	1,357	1,237	$871	3,484	0.64	152.00	$13.00
TOTAL:	180		AVERAGE:	1,046	$890	$725	$130,560	$0.69	$108.04	$13.00

INCOME	Total Net Rentable Sq Ft: 188,336			TDHCA	ORG UW	ORG APP	APPLICANT		Comptroller's Region	7
POTENTIAL GROSS RENT				$1,566,720	$1,566,720	$1,407,408	$1,403,088		IREM Region	Austin
Secondary Income	Per Unit Per Month:		$15.00	32,400	32,400	32,412	32,412	$15.01	Per Unit Per Month	
Other Support Income:				0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,599,120	$1,599,120	$1,439,820	$1,435,500			
Vacancy & Collection Loss	% of Potential Gross Income:		-7.50%	(119,934)	(119,934)	(107,988)	(107,664)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0					
EFFECTIVE GROSS INCOME				$1,479,186	$1,479,186	$1,331,832	$1,327,836			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.51%	$453	0.43	$81,542	$81,542	$65,860	$51,760	$0.27	$288	3.90%
Management	3.74%	307	0.29	55,261	55,261	53,273	53,113	0.28	295	4.00%
Payroll & Payroll Tax	12.73%	1,046	1.00	188,245	188,245	237,607	206,563	1.10	1,148	15.56%
Repairs & Maintenance	5.49%	451	0.43	81,211	81,211	73,725	69,375	0.37	385	5.22%
Utilities	2.35%	193	0.18	34,776	34,776	28,260	28,260	0.15	157	2.13%
Water, Sewer, & Trash	3.51%	288	0.28	51,852	51,852	35,370	35,370	0.19	197	2.66%
Property Insurance	3.47%	285	0.27	51,374	51,374	37,620	37,620	0.20	209	2.83%
Property Tax 2.613477	3.98%	327	0.31	58,803	58,803	0	0	0.00	0	0.00%
Reserve for Replacements	2.43%	200	0.19	36,000	36,000	36,000	36,000	0.19	200	2.71%
Supp serv, compl fees, sec	0.83%	68	0.06	12,240	12,240	12,240	12,240	0.06	68	0.92%
TOTAL EXPENSES	44.03%	$3,618	$3.46	$651,305	$651,305	$579,955	$530,301	$2.82	$2,946	39.94%
NET OPERATING INC	55.97%	$4,599	$4.40	$827,881	$827,881	$751,877	$797,535	$4.23	$4,431	60.06%
DEBT SERVICE										
Tax-Exempt Bond Financing	45.01%	$3,699	$3.54	$665,824	$609,109	$609,109	$644,606	$3.42	$3,581	48.55%
TDHCA HOME	4.00%	$329	$0.31	59,168	59,168	59,168	59,168	$0.31	$329	4.46%
Other Annual Required Payment	0.00%	$0	$0.00	0	0	17,505	18,812	$0.10	$105	1.42%
NET CASH FLOW	6.96%	$572	$0.55	$102,888	$159,603	$66,095	$74,949	$0.40	$416	5.64%
AGGREGATE DEBT COVERAGE RATIO				1.14	1.24	1.10	1.10			
RECOMMENDED DEBT COVERAGE RATIO				1.14	1.24					

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA	APPLICANT	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.05%	$2,144	$2.05	$385,897	$385,897	$600,000	$607,500	$3.23	$3,375	3.03%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		10.65%	11,115	10.62	2,000,699	2,000,780	2,000,780	2,000,699	10.62	11,115	9.99%
Direct Construction		44.41%	46,354	44.30	8,343,651	8,343,651	7,931,807	9,051,511	48.06	50,286	45.19%
Contingency	5.00%	2.75%	2,873	2.75	517,217	505,869	505,869	595,561	3.16	3,309	2.97%
General Req'ts	6.00%	3.30%	3,448	3.30	620,661	607,043	607,043	663,133	3.52	3,684	3.31%
Contractor's G & A	2.00%	1.10%	1,149	1.10	206,887	202,348	202,348	221,044	1.17	1,228	1.10%
Contractor's Profit	6.00%	3.30%	3,448	3.30	620,661	607,043	607,043	663,133	3.52	3,684	3.31%
Indirect Construction		6.93%	7,233	6.91	1,301,900	1,095,921	1,095,921	1,301,900	6.91	7,233	6.50%
Ineligible Costs		7.62%	7,955	7.60	1,431,987	1,338,590	1,338,590	1,431,987	7.60	7,955	7.15%
Developer's G & A	3.85%	2.96%	3,095	2.96	557,086	217,820	0	691,514	3.67	3,842	3.45%
Developer's Profit	11.15%	8.59%	8,964	8.57	1,613,532	1,822,246	2,040,066	1,613,532	8.57	8,964	8.06%
Interim Financing		4.57%	4,773	4.56	859,112	654,625	654,625	859,112	4.56	4,773	4.29%
Reserves		1.76%	1,833	1.75	330,000	351,083	351,083	330,000	1.75	1,833	1.65%
TOTAL COST		100.00%	$104,385	$99.76	$18,789,290	$18,132,915	$17,935,175	$20,030,626	$106.36	$111,281	100.00%
Construction Cost Recap		*65.51%*	***$68,388***	***$65.36***	***$12,309,776***	***$12,266,734***	***$11,854,890***	***$13,195,081***	***$70.06***	***$73,306***	*65.87%*

SOURCES OF FUNDS

								RECOMMENDED	
Tax-Exempt Bond Financing	54.71%	$57,106	$54.58	$10,279,000	$8,050,000	$8,050,000	$10,279,000	$10,279,000	Developer Fee Available
Taxable Bond Financing	0.00%	$0	$0.00	$0	$620,000	$620,000	$0	$0	$2,296,971
TDHCA HOME	10.38%	$10,833	$10.35	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	
HTC Syndication Proceeds	34.14%	$35,635	$34.06	6,414,298	5,289,090	5,289,090	6,414,298	5,924,341	% of Dev. Fee Deferred
GIC Proceeds	0.00%	$0	$0.00	0	175,000	175,000			18%
Deferred Developer Fees	7.38%	$7,707	$7.37	1,387,326	1,851,088	1,851,088	1,387,326	414,346	
Additional (Excess) Funds Req'd	-6.61%	($6,896)	($6.59)	(1,241,334)	197,737	(3)	2	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$18,789,290	$18,132,915	$17,935,175	$20,030,626	$18,567,687	$3,571,794

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Northwest Residential, Georgetown, 4% HTC/HOME #060401

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.64	$9,160,628
Adjustments				
Exterior Wall Finish	0.40%		$0.19	$36,643
9-Ft. Ceilings	3.05%		1.48	279,399
Roofing			0.00	0
Subfloor			(0.81)	(153,408)
Floor Cover			2.22	418,106
Porches/Balconies	$17.09	27,799	2.52	474,983
Plumbing	$680	432	1.56	293,760
Built-In Appliances	$1,675	180	1.60	301,500
Exterior Stairs	$1,650	72	0.63	118,800
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	325,821
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$64.12	4,455	1.52	285,643
Other:			0.00	0
SUBTOTAL			61.28	11,541,876
Current Cost Multiplier	1.03		1.84	346,256
Local Multiplier	0.86		(8.58)	(1,615,863)
TOTAL DIRECT CONSTRUCTION COSTS			$54.54	$10,272,269
Plans, specs, survy, bld prm	3.90%		($2.13)	($400,619)
Interim Construction Interes	3.38%		(1.84)	(346,689)
Contractor's OH & Profit	11.50%		(6.27)	(1,181,311)
NET DIRECT CONSTRUCTION COSTS			$44.30	$8,343,651

PAYMENT COMPUTATION

Primary	$10,279,000	Amort	480
Int Rate	5.85%	DCR	1.24

Secondary	$1,950,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.14

Additional		Amort	0
Int Rate	0.00%	Aggregate DCR	1.14

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$665,824
Secondary Debt Service	59,168
Additional Debt Service	0
NET CASH FLOW	$102,888

Primary	$10,279,000	Amort	480
Int Rate	5.85%	DCR	1.24

Secondary	$1,950,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.14

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.14

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	$1,566,720	$1,613,722	$1,662,133	$1,711,997	$1,763,357	$2,044,214	$2,369,805	$2,747,253	$3,692,078
Secondary Income	32,400	33,372	34,373	35,404	36,466	42,275	49,008	56,814	76,353
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,599,120	1,647,094	1,696,506	1,747,402	1,799,824	2,086,489	2,418,812	2,804,067	3,768,431
Vacancy & Collection Loss	(119,934)	(123,532)	(127,238)	(131,055)	(134,987)	(156,487)	(181,411)	(210,305)	(282,632)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,479,186	$1,523,562	$1,569,268	$1,616,346	$1,664,837	$1,930,002	$2,237,402	$2,593,762	$3,485,799
EXPENSES at 4.00%									
General & Administrative	$81,542	$84,804	$88,196	$91,724	$95,393	$116,060	$141,205	$171,798	$254,302
Management	55,261	56,919	58,626	60,385	62,197	72,103	83,587	96,900	130,226
Payroll & Payroll Tax	188,245	195,775	203,606	211,750	220,220	267,931	325,979	396,604	587,070
Repairs & Maintenance	81,211	84,460	87,838	91,352	95,006	115,589	140,632	171,100	253,270
Utilities	34,776	36,167	37,614	39,118	40,683	49,497	60,221	73,268	108,454
Water, Sewer & Trash	51,852	53,926	56,083	58,326	60,660	73,802	89,791	109,244	161,708
Insurance	51,374	53,429	55,566	57,789	60,101	73,121	88,963	108,238	160,218
Property Tax	58,803	61,155	63,602	66,146	68,791	83,695	101,828	123,890	183,387
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	12,240	12,730	13,239	13,768	14,319	17,421	21,196	25,788	38,172
TOTAL EXPENSES	$651,305	$676,805	$703,308	$730,854	$759,484	$920,460	$1,115,743	$1,352,676	$1,989,080
NET OPERATING INCOME	$827,881	$846,757	$865,961	$885,493	$905,353	$1,009,543	$1,121,659	$1,241,086	$1,496,719
DEBT SERVICE									
First Lien Financing	$665,824	$665,824	$665,824	$665,824	$665,824	$665,824	$665,824	$665,824	$665,824
Second Lien	59,168	59,168	59,168	59,168	59,168	59,168	59,168	59,168	59,168
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$102,888	$121,764	$140,968	$160,500	$180,360	$284,550	$396,666	$516,093	$771,726
DEBT COVERAGE RATIO	1.14	1.17	1.19	1.22	1.25	1.39	1.55	1.71	2.06

HTC ALLOCATION ANALYSIS - Northwest Residential, Georgetown, 4% HTC/HOME #060401

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	$607,500	$385,897		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,000,699	$2,000,699	$2,000,699	$2,000,699
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$9,051,511	$8,343,651	$9,051,511	$8,343,651
(4) Contractor Fees & General Requirements				
Contractor overhead	$221,044	$206,887	$221,044	$206,887
Contractor profit	$663,133	$620,661	$663,133	$620,661
General requirements	$663,133	$620,661	$663,133	$620,661
(5) Contingencies	$595,561	$517,217	$552,611	$517,217
(6) Eligible Indirect Fees	$1,301,900	$1,301,900	$1,301,900	$1,301,900
(7) Eligible Financing Fees	$859,112	$859,112	$859,112	$859,112
(8) All Ineligible Costs	$1,431,987	$1,431,987		
(9) Developer Fees			$2,296,971	
Developer overhead	$691,514	$557,086		$557,086
Developer fee	$1,613,532	$1,613,532		$1,613,532
(10) Development Reserves	$330,000	$330,000		
TOTAL DEVELOPMENT COSTS	$20,030,626	$18,789,290	$17,610,113	$16,641,406

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		$17,610,113	$16,641,406
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$17,610,113	$16,641,406
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$17,610,113	$16,641,406
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		$626,920	$592,434
Syndication Proceeds	**1.0000**	**$6,269,200**	**$5,924,341**
Total Tax Credits (Eligible Basis Method)		**$626,920**	**$592,434**
Syndication Proceeds		**$6,269,200**	**$5,924,341**
Requested Tax Credits		**$641,099**	
Syndication Proceeds		**$6,410,990**	
Gap of Syndication Proceeds Needed			**$6,560,290**
Total Tax Credits (Gap Method)			**$656,029**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: April 26, 2006 **PROGRAM:** 4% HTC and HOME **FILE NUMBER:** 060401

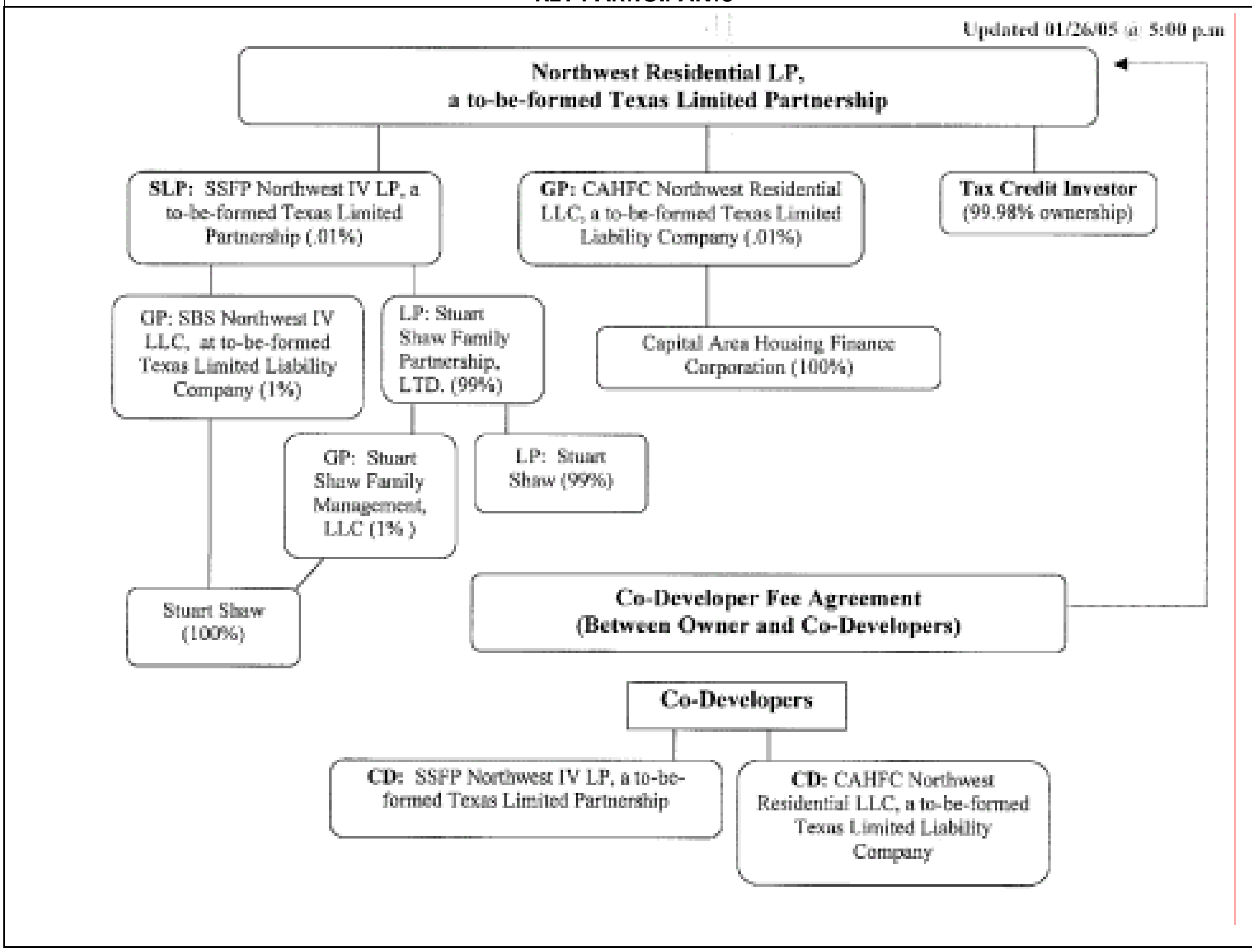
DEVELOPMENT NAME

Northwest Residential (Cypress Creek at River Bend)

APPLICANT

Name:	Northwest Residential LP			**Contact:**	Stuart Shaw
Address:	PO Box 2217				
City	Austin			**State:**	TX **Zip:** 78768
Phone:	(512) 220-8000	**Fax:**	(512) 329-9002	**Email:**	stuart@bonnercarrington.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location:	120 River Bend Drive		
City:	Georgetown	**Zip:**	78628
County:	Williamson	**Region:**	7

☐ QCT ☐ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$556,980	N/A	N/A	N/A
HOME (RHD)	$1,950,000	1%	40 yrs	40 yrs

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

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $555,569 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,950,000, STRUCTURED AS A 40-YEAR TERM LOAN, FULLY AMORTIZING OVER 40 YEARS AT 1% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Review, receipt and acceptance of the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.
2. Review, receipt and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended in the Phase I ESA.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Northwest Residential was submitted and underwritten in the 2005 4% HTC cycle (05429). The underwriting analysis recommended the project be approved subject to the following conditions:

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

The project received an allocation of tax credits, but returned the allocation due to the lender and syndicator's concerns about the market rents and ability to service the entire $10.8M in proposed bonds. The Applicant has revised their financing structure in the current application by replacing $2.13M in bond debt with $1.95M in TDHCA HOME funds plus a slightly higher deferral of developer fee.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 180 **# Res Bldgs** 10 **# Non-Res Bldgs** 3 **Age:** N/A yrs **Vacant:** N/A at

Net Rentable SF: 188,336 **Av Un SF:** 1,046 **Common Area SF:** 4,455 **Gross Bldg SF:** 192,791

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 65% hardiplank, 5% masonry veneer, and 30% stucco. The roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be approximately 75% carpet, and 25% resilient covering. Threshold criteria for the 2006 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: an ice maker in the refrigerator, laundry connections, a ceiling fixture in each room, a forced air unit, and an individual water heater.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 150 or more, the Applicant has elected to a barbecue and picnic table for every 50 units, community laundry room, enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a swimming pool, one children's playground equipped for 5 to 12 year olds.

Uncovered Parking: 263 spaces **Carports:** 100 spaces **Garages:** 20 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

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

No. of Buildings	No. of Floors	1BR	2BR	3BR	4BR
3	3	12	0	8	0
5	3	0	12	8	0
1	3	12	0	0	8

The development includes a 3,721-square foot community building, a separate 249-square foot laundry building, and a separate 485-square foot maintenance/mail building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	10 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	MF/Multifamily District	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

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

Adjacent Land Uses:

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

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

Public Transportation: According to the Appraiser, "Transportation within Georgetown exists in the form of taxi service and private vehicles."

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

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

- **Road Extension:** The site plan calls for the extension of River Bend Drive; however, the cost for this improvement does not appear in the construction costs of the subject. Receipt, review and acceptance of documentation of the cost of the River Bend Drive extension is a condition of this report.

TDHCA SITE INSPECTION

Inspector: TDHCA Staff **Date:** 04/07/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments: Good location; near store, schools, and restaurants

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report for a 31 acre site which contains the subject 10 acre site, dated March 24, 2005 was prepared by HBC Terracon and contained the following findings and recommendations:

Findings and Conclusions:

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

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

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

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

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

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

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. This application was filed under the Priority 1 set aside with the Bond Review Board. To qualify as a Priority 1 Private Activity Bond allocation for a Qualified Residential Rental Project, the Applicant has elected to set-aside 50% of the units with rent and income restrictions at 50% of area median family income and the remaining 50% of the units with rent and income restrictions at 60% of area median family income (§ 1372.0321, Texas Government Code).

HOME assisted rental developments at a minimum must set-aside at least 20% of HOME assisted units with rent and income restrictions at 50% or less of area median family income and all remaining units with rent and income restrictions at 80% or less of area median family income. These minimum requirements affect only those units which are HOME assisted and do not supersede the minimum affordability requirements for applicants jointly applying for HOME and Housing Tax Credits or any other federal, state or local affordable housing programs unless the HOME requirements are more restrictive.

All of the units (100% of the total) will be reserved for low-income tenants. Ninety units (50%) will be reserved for households earning 50% or less of AMI and 90 units (50%) will be reserved for households earning 60% or less of AMI. Of the units reserved for households earning 50% or less of AMI, eight (21% of 37 HOME units) will also be restricted to the Low HOME rent limits. Of the units reserved for households earning 60% or less of AMI, 29 (79% of 37 HOME units) will also be restricted to the High HOME rent limits.

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

MARKET HIGHLIGHTS

A new market feasibility study dated November 15, 2005 was prepared by O'Connor and Associates ("Market Analyst") and included the following findings:

Definition of Primary Market Area (PMA): "For the purposes of this report, we will define the ***primary market*** as the aggregated area of the following zip codes: 78628 (where the subject site is located), 78626, and 78681" (p. 31). This area encompasses approximately 268.34 square miles, which is equivalent to a nine-mile radius.

Population: The estimated 2005 population of the PMA was 95,672 and is expected to increase by 20% to approximately 114,804 by 2010. Within the primary market area there were estimated to be 33,267 households in 2005.

Total Market Demand: The Market Analyst utilized a household size-appropriate adjustment rate of 98.7% (p. 86). The tenure appropriate adjustment rates used are specific to the income-eligible population (p. 84). The Analyst's income band of $20,811to $49,500 (p. 84) results in an income eligible renter adjustment rate of 8.37% (p. 84). The Market Analyst indicates a turnover rate of 55% applies based on interviews with comparable properties' leasing agents (p. 85).

In addition, "The demand created by Section 8 voucher holders will be additional demand for rent-restricted units. The number of Section 8 vouchers available was determined by contacting the local housing authority with jurisdiction over the subject's location, which in this case was the Georgetown Housing Authority, as well as the Round Rock Housing Authority since Round Rock falls within the primary market area. The Georgetown Housing Authority reported a total of 84 Section 8 vouchers issued, and the Round Rock

Housing Authority reported a total of 76 Section 8 vouchers, thus a total of 160 vouchers are issued in the primary market area." (p. 85). The Underwriter found the Section 8 voucher demand analysis performed by the Market Analyst to be incomplete; a deficiency request has been forwarded to the Market Analyst.

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	114	6%	104	6%
Resident Turnover	1,512	81%	1,525	94%
Other Sources: 10% other sources	163	9%	N/A	
Other Sources: Section 8	88	4%	N/A	
TOTAL DEMAND	**1,877**	**100%**	**1,629**	**100%**

p. 86

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.59% based upon 1,877 units of demand and 180 unstabilized affordable housing in the PMA (including the subject) (p. 86). The Underwriter calculated an inclusive capture rate of 11% based upon a revised demand estimate for 1,629 affordable units.

Unit Mix Conclusion: "Two of the comparable properties have a 1-bedroom to 2-bedroom unit ratio of less than 0.35 (i.e. the number of two-bedroom units at the property is significantly greater than the number of one bedroom), and one comparable has a 1-bedoom to 2-bedoom ratio greater than one. The subject property has a 1-bedoom to 2-bedoom ratio of 0.50. The percentage of one-bedroom units at the subject is similar to those found at the comparable properties. The percentage of two-bedroom units is towards the lower end when compared to the comparable properties, while the percentage of three bedrooms is towards the higher end when compared to the comparable properties. The subject will contain 4% four-bedroom units, while none of the comparable properties contain four-bedroom units" (p. 82).

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,032 units in the market area (p. 53).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-BR (50%/Low HOME)	$516	$576	-$60	$587	-$71
1-BR (50%)	$516	$584	-$68	$587	-$71
1-BR (60%/High HOME)	$556	$576	-$20	$587	-$31
1-BR (60%)	$556	$718	-$162	$587	-$31
2-BR (50%/Low HOME)	$600	$698	-$98	$720	-$120
2-BR (50%)	$600	$698	-$98	$720	-$120
2-BR (60%/High HOME)	$669	$702	-$33	$720	-$51
2-BR (60%)	$669	$858	-$189	$720	-$51
3-BR (50%/Low HOME)	$690	$800	-$110	$820	-$130
3-BR (50%)	$690	$800	-$110	$820	-$130
3-BR (60%/High HOME)	$752	$969	-$217	$820	-$68
3-BR (60%)	$752	$985	-$233	$820	-$68
4-BR (50%)	$745	$879	-$134	$871	-$126
4-BR (60%)	$795	$1,085	-$290	$871	-$76

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

Primary Market Occupancy Rates: "…the closest HTC property, Georgetown Place, has current occupancy at 90%. The rent comparables reported current occupancies ranging from 79% to 95%, with a median occupancy of 94%. Given the physical characteristics of the subject (i.e. location, good curb appeal, new condition, amenities, etc.), the strong occupancies reported at nearby apartments, and that the subject will adjust will follow recommendations and adjust downward their proposed rents, a stabilized occupancy level of 92.5% is reasonable and achievable for the proposed subject property. This indicates a vacancy/collection loss of 7.5%" (p. 91).

Absorption Projections: "Considering the strong absorption history of properties in the market area and the need for quality affordable units in this market, **we project that the subject property will lease an average of 12 to 14 units per months until achieving stabilized occupancy**. We anticipate that the subject property will achieve stabilized occupancy within 12 to 14 months after pre-leasing starts" (p. 91).

Unstabilized, Under Construction, and Planned Development: "Since the subject property is an HTC project, all properties that are not HTC are considered non-comparable for capture rate estimations. We are not aware of any other proposed, under-construction, or unstabilized new comparable projects in the primary market area" (p. 86). There are three HTC developments that were approved in Georgetown in 2005 though all of them are targeting elderly households. River Bend Residential (05424) is new construction of 201 units immediately adjacent to the subject, San Gabrial Seniors (05142) is new construction of 100 units near downtown and Wesleyan Retirement (05142) is the rehabilitation of 50 units downtown.

Market Impact: "Based on our analysis of the subject property's primary market area, there is sufficient demand to construct and successfully absorb the proposed Cypress Creek at River Bend Apartments…we project that the subject property will have minimal sustained negative impact upon the existing apartment market" (p. 88).

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 projected rents collected per unit do not appear to be based on current HTC rent limits, HOME rent limits, or the market rent conclusions indicated in the Market Study. For each unit type, the Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the rents calculated by subtracting tenant-paid utility allowances as of January 30, 3006, maintained by the Housing Authority of the City of Georgetown, from the 2006 program gross rent limits. The Applicant's proposed rents appear to be much lower than the underwritten rents. Tenants will be required to pay electric, natural gas, water, and sewer costs. However, the Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. Due to the difference in potential tenant-paid rent for each unit type, the Applicant's effective gross rent is not within 5% of the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,222 per unit is not within 5% of the Underwriter's database-derived estimate of $3,618 per unit. The Applicant's budget shows several line item estimates that also deviate significantly when compared to the database averages, particularly: payroll ($49K higher) and water, sewer and trash ($16K lower). The Applicant indicates that the owner of the General Partner, Capital Area Housing Finance Corporation, is exempt from property taxes and submitted the relevant legislation documentation. A 100% exemption typically requires either the exempt entity to own, or have owned the property, and lease to the partnership; or the entity to secure an agreement for tax abatement from each of the local taxing authorities. The Applicant did not include a lease or other documentation of such an arrangement, therefore the underwriting analysis assumes a 50% property tax exemption. Should a 100% exemption be achieved, an additional $59K in NOI could be achieved.

Conclusion: The Applicant's estimated effective gross income, total operating expense, and net operating income are each inconsistent with the Underwriter's expectations. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30. If the 100% exemption is achieved, the DCR will be 1.33 and a reduction in the substantial projected deferred developer fee would occur before reduction in tax credits would be recommended.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 9.6175 acres $1,040,000 **Date of Valuation:** 12/06/2005

Appraiser: L Kyle Lewallen & Mark Fugina **Firm:** Butler Burgher, Inc **City:** Austin

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher, Inc and dated December 6, 2005. Six land sales dating from 2003 to 2005 for 6.0 to 17.6 acres were used to determine the underlying value of the land. In this case the value is higher than the purchase price, and higher than the acquisition value used in the underwriting analysis.

ASSESSED VALUE

Land: 31.0964 acres	$948,192	**Assessment for the Year of:**	2004
1 acre:	$30,492	**Valuation by:**	Williamson County Appraisal District
Total: prorated 10 acres	$304,920	**Tax Rate:**	2.613477

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Agreement of Sale and Purchase (10 acres)

Contract Expiration:	02/21/2007	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$600,000	**Other:**	
Seller:	Bonner Carrington, LP	**Related to Development Team?**	☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The principal of the seller, Bonner Carrington LP, is also a principal of the co-developer, SSFP Northwest IV LP, therefore the transaction represents an identity of interest. The Applicant submitted a Purchase and Sale Agreement between Bonner Carrington LP and Dedicated Investments, LLC for a 31.0964 acre tract containing the subject 10- acre site. According to the contract, the purchase price for the 31.0964 acre tract will be prorated, based on the number of days of the year, between $1,000,000 and $1,100,000 if closing occurs in 2005 and between $1,100,000 and $1,200,000 if closing occurs in 2006. The Applicant also submitted a Purchase and Sale Agreement between Bonner Carrington LP and Northwest Residential LP, the Applicant, reflecting a purchase price of $600,000 for the subject 10-acres. The Underwriter calculated the land acquisition cost for the subject 10-acres by multiplying the December 31, 2006 price for the 31.0964 acres of $38,590 per acre times the subject 10- acres to achieve a prorated land value of $385,897.

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

Direct Construction Cost: The Applicant's direct construction cost estimate is $412K or just under 5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. Cost for constructing covered parking was excluded from eligible basis by the Applicant.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $26K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $5K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Finally, the Applicant's contingency exceeds 5% of eligible sitework and direct construction cost; therefore, their eligible basis estimate was reduced by $9K.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for overstated acquisition cost, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $15,605,863, adjusted by the Underwriter based on Department guidelines, supports annual tax credits of $555,569. 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: Newman Capital (GMAC) **Contact:** Paul Weissman

Tax-Exempt: $8,050,000 **Interest Rate:** 6.45%, fixed, lender's estimate **Amort:** 480 months

Taxable: $620,000 **Interest Rate:** 8.0%, fixed, lender's estimate **Amort:** 480 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Blended rate: 6.50%; 36-month interim period; Guarantors: Bonner Carrington and Stuart Shaw

TAX CREDIT SYNDICATION

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

Proceeds: $5,360,957 **Net Syndication Rate:** 95% **Anticipated HTC:** $564,368/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $175,000 **Source:** GIC Proceeds

Amount: $1,851,088 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Capital Area HFC and purchased by Newman 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. However, the anticipated tax credit allocation and syndication proceeds listed in the commitment are inconsistent with the Applicant's estimates.

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

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,851,088 amount to 91% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate, adjusted for overstated acquisition cost, less the permanent mortgage of $8,670,000 and requested HOME allocation of $1,950,000 indicates the need for $7,315,175 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $770,096 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($556,980), the gap-driven amount ($770,096), and eligible basis-derived estimate ($555,569), the eligible basis-derived estimate of $555,569 is recommended resulting in proceeds of $5,277,376 based on a syndication rate of 95%.

The development demonstrates a need for the requested HOME funds and appears to be able to support the requested terms of 1% interest amortized fully over a 40-year repayment term. The recommended HOME award of $1,950,000 is below the 2006 221(d)(3) basic limit for non-elevator served buildings. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units. While the property may be able to provide sufficient cash flow to repay the increase in deferred fees or other cash flow financing form the applicant that would be required if the HOME funds are not approved as recommended, their would be an insufficient amount of contractor and developer fee available to defer to replace the HOME funds. Therefore, with out the HOME funds the transaction would have to be deemed financially infeasible as currently structured. At a minimum and if all contractor and developer fees could be deferred, HOME award of at least $317,196 would have to be approved to provide sufficient additional financing to satisfy the developments uses of funds. This amount increases by $214,103 if the difference in acquisition price used by the Applicant is considered. Moreover deferral of 100% of contractor fee in addition to the developer fee is extraordinarily rare and not generally advised.

According to the HUD website as of March 2, 2006, the “Cash on Cash Return (on equity), which calculates the percent of return on equity given the amount invested by the developer (developer equity) and the cash flow at the end of the each year considers the developer fee a development cost and not a form of financing or equity for the project.” Therefore, the equity would consist of $0 and a return on equity calculation is not possible.

The Underwriter’s recommended financing structure indicates the need for $1,823,696 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant and bond issuer are related entities. The Special Limited Partner and Developer are also related. These are common relationships for HTC-funded developments.
- The seller is regarded as a related party; this issue is addressed in the “Construction Cost Estimate Evaluation” section of this report.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principal of the General Partner, Capital Area Housing Finance Corporation, submitted an unaudited financial statement as of December 31, 2006 reporting total assets of $1.8M comprised of $586K in current assets, $414K in fixed assets, and $805K in other assets. Liabilities totaled $62K, resulting in net assets of $1.7M.

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

- Items identified in previous reports/ or analysis have not been satisfactorily addressed.
- The Applicant’s estimated income, operating expenses, and operating proforma are more than 5% outside of the Underwriter’s verifiable range(s).
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents and a 100% property tax exemption can be achieved in this market.
- 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 seller of the property has an identity of interest with the Applicant.

- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Diamond Thompson*	**Date:**	April 26, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	April 26, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	April 26, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Northwest Residential, Georgetown, 4% HTC/HOME #060401

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
LH/TC50%	2	1	1	708	$658	$576	$1,152	$0.81	$82.00	$13.00
TC50%	16	1	1	708	666	$584	9,344	0.82	$82.00	$13.00
HH/TC60%	8	1	1	708	658	$576	4,608	0.81	82.00	$13.00
TC60%	10	1	1	708	800	$587	5,870	0.83	82.00	$13.00
LH/TC50%	5	2	2	1,031	800	$698	3,490	0.68	102.00	$13.00
TC50%	31	2	2	1,031	800	$698	21,638	0.68	102.00	$13.00
HH/TC60%	15	2	2	1,031	804	$702	10,530	0.68	102.00	$13.00
TC60%	21	2	2	1,031	960	$720	15,120	0.70	102.00	$13.00
LH/TC50%	1	3	2	1,215	924	$800	800	0.66	124.00	$13.00
TC50%	31	3	2	1,215	924	$800	24,800	0.66	124.00	$13.00
HH/TC60%	6	3	2	1,215	1,093	$820	4,920	0.67	124.00	$13.00
TC60%	26	3	2	1,215	1,109	$820	21,320	0.67	124.00	$13.00
TC50%	4	4	2	1,357	1031	$871	3,484	0.64	152.00	$13.00
TC60%	4	4	2	1,357	1,237	$871	3,484	0.64	152.00	$13.00
TOTAL:	180		AVERAGE:	1,046	$890	$725	$130,560	$0.69	$108.04	$13.00

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:		188,336					Comptroller's Region	7
POTENTIAL GROSS RENT					$1,566,720	$1,407,408		IREM Region	Austin
Secondary Income			Per Unit Per Month:	$15.00	32,400	32,412	$15.01	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,599,120	$1,439,820			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(119,934)	(107,988)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,479,186	$1,331,832			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.51%	$453	0.43	$81,542	$65,860	$0.35	$366	4.95%
Management		3.74%	307	0.29	55,261	53,273	0.28	296	4.00%
Payroll & Payroll Tax		12.73%	1,046	1.00	188,245	237,607	1.26	1,320	17.84%
Repairs & Maintenance		5.49%	451	0.43	81,211	73,725	0.39	410	5.54%
Utilities		2.35%	193	0.18	34,776	28,260	0.15	157	2.12%
Water, Sewer, & Trash		3.51%	288	0.28	51,852	35,370	0.19	197	2.66%
Property Insurance		3.47%	285	0.27	51,374	37,620	0.20	209	2.82%
Property Tax	2.613477	3.98%	327	0.31	58,803	0	0.00	0	0.00%
Reserve for Replacements		2.43%	200	0.19	36,000	36,000	0.19	200	2.70%
Supp serv, compl fees, sec		0.83%	68	0.06	12,240	12,240	0.06	68	0.92%
TOTAL EXPENSES		44.03%	$3,618	$3.46	$651,305	$579,955	$3.08	$3,222	43.55%
NET OPERATING INC		55.97%	$4,599	$4.40	$827,881	$751,877	$3.99	$4,177	56.45%
DEBT SERVICE									
Tax-Exempt Bond Financing		41.18%	$3,384	$3.23	$609,109	$609,109	$3.23	$3,384	45.73%
TDHCA HOME		4.00%	$329	$0.31	59,168	59,168	$0.31	$329	4.44%
Other Annual Required Payment		0.00%	$0	$0.00	0	17,505	$0.09	$97	1.31%
NET CASH FLOW		10.79%	$887	$0.85	$159,603	$66,095	$0.35	$367	4.96%
AGGREGATE DEBT COVERAGE RATIO					1.24	1.10			
RECOMMENDED DEBT COVERAGE RATIO					1.24				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.13%	$2,144	$2.05	$385,897	$600,000	$3.19	$3,333	3.35%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		11.03%	11,115	10.62	2,000,780	2,000,780	10.62	11,115	11.16%
Direct Construction		46.01%	46,354	44.30	8,343,651	7,931,807	42.12	44,066	44.22%
Contingency	4.89%	2.79%	2,810	2.69	505,869	505,869	2.69	2,810	2.82%
General Req'ts	5.87%	3.35%	3,372	3.22	607,043	607,043	3.22	3,372	3.38%
Contractor's G & A	1.96%	1.12%	1,124	1.07	202,348	202,348	1.07	1,124	1.13%
Contractor's Profit	5.87%	3.35%	3,372	3.22	607,043	607,043	3.22	3,372	3.38%
Indirect Construction		6.04%	6,088	5.82	1,095,921	1,095,921	5.82	6,088	6.11%
Ineligible Costs		7.38%	7,437	7.11	1,338,590	1,338,590	7.11	7,437	7.46%
Developer's G & A	1.55%	1.20%	1,210	1.16	217,820	0	0.00	0	0.00%
Developer's Profit	13.00%	10.05%	10,124	9.68	1,822,246	2,040,066	10.83	11,334	11.37%
Interim Financing		3.61%	3,637	3.48	654,625	654,625	3.48	3,637	3.65%
Reserves		1.94%	1,950	1.86	351,083	351,083	1.86	1,950	1.96%
TOTAL COST		100.00%	$100,738	$96.28	$18,132,915	$17,935,175	$95.23	$99,640	100.00%
Construction Cost Recap		*67.65%*	***$68,149***	***$65.13***	***$12,266,734***	***$11,854,890***	***$62.95***	***$65,861***	*66.10%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond Financing	44.39%	$44,722	$42.74	$8,050,000	$8,050,000	$8,670,000	Developer Fee Available
Taxable Bond Financing	3.42%	$3,444	$3.29	$620,000	$620,000	$0	$2,035,549
TDHCA HOME	10.75%	$10,833	$10.35	1,950,000	1,950,000	1,950,000	
HTC Syndication Proceeds	29.17%	$29,384	$28.08	5,289,090	5,289,090	5,277,376	% of Dev. Fee Deferred
GIC Proceeds	0.97%	$972	$0.93	175,000	175,000	0	90%
Deferred Developer Fees	10.21%	$10,284	$9.83	1,851,088	1,851,088	1,823,696	
Additional (Excess) Funds Req'd	1.09%	$1,099	$1.05	197,737	(3)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$18,132,915	$17,935,175	$17,721,072	$4,422,522

Northwest Residential, Georgetown, 4% HTC/HOME #060401

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.64	$9,160,628
Adjustments				
Exterior Wall Finish	0.40%		$0.19	$36,643
9-Ft. Ceilings	3.05%		1.48	279,399
Roofing			0.00	0
Subfloor			(0.81)	(153,408)
Floor Cover			2.22	418,106
Porches/Balconies	$17.09	27,799	2.52	474,983
Plumbing	$680	432	1.56	293,760
Built-In Appliances	$1,675	180	1.60	301,500
Exterior Stairs	$1,650	72	0.63	118,800
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	325,821
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$64.12	4,455	1.52	285,643
Other:			0.00	0
SUBTOTAL			61.28	11,541,876
Current Cost Multiplier	1.03		1.84	346,256
Local Multiplier	0.86		(8.58)	(1,615,863)
TOTAL DIRECT CONSTRUCTION COSTS			$54.54	$10,272,269
Plans, specs, survy, bld prm	3.90%		($2.13)	($400,619)
Interim Construction Interest	3.38%		(1.84)	(346,689)
Contractor's OH & Profit	11.50%		(6.27)	(1,181,311)
NET DIRECT CONSTRUCTION COSTS			$44.30	$8,343,651

PAYMENT COMPUTATION

Primary	$8,670,000	Amort	480
Int Rate	6.50%	DCR	1.36
Secondary	$1,950,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.24
Additional		Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$609,109
Secondary Debt Service	59,168
Additional Debt Service	0
NET CASH FLOW	$159,603

Primary	$8,670,000	Amort	480
Int Rate	6.50%	DCR	1.36
Secondary	$1,950,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.24
Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

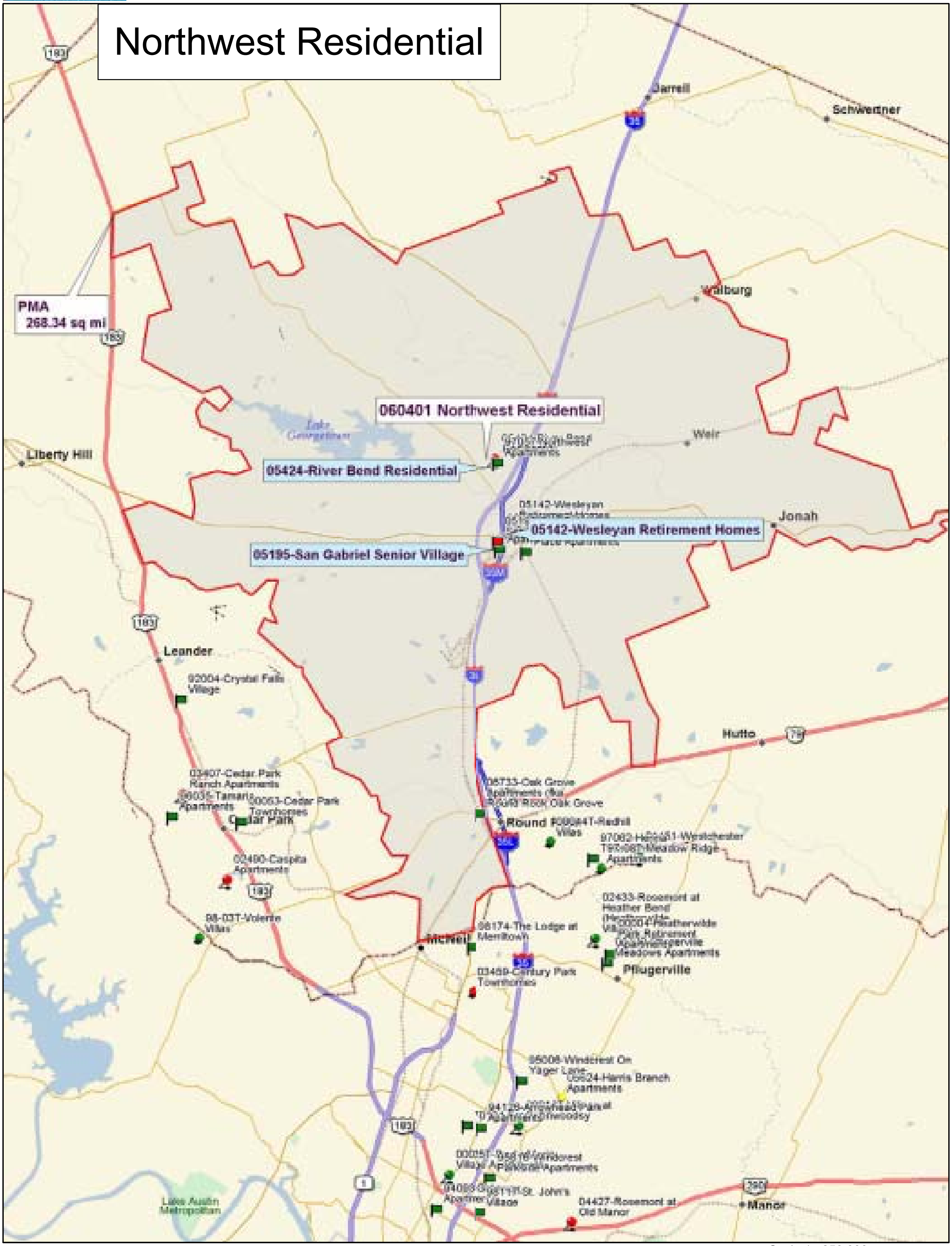
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,566,720	$1,613,722	$1,662,133	$1,711,997	$1,763,357	$2,044,214	$2,369,805	$2,747,253	$3,692,078
Secondary Income	32,400	33,372	34,373	35,404	36,466	42,275	49,008	56,814	76,353
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,599,120	1,647,094	1,696,506	1,747,402	1,799,824	2,086,489	2,418,812	2,804,067	3,768,431
Vacancy & Collection Loss	(119,934)	(123,532)	(127,238)	(131,055)	(134,987)	(156,487)	(181,411)	(210,305)	(282,632)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,479,186	$1,523,562	$1,569,268	$1,616,346	$1,664,837	$1,930,002	$2,237,402	$2,593,762	$3,485,799
EXPENSES at 4.00%									
General & Administrative	$81,542	$84,804	$88,196	$91,724	$95,393	$116,060	$141,205	$171,798	$254,302
Management	55,261	56,919	58,626	60,385	62,197	72,103	83,587	96,900	130,226
Payroll & Payroll Tax	188,245	195,775	203,606	211,750	220,220	267,931	325,979	396,604	587,070
Repairs & Maintenance	81,211	84,460	87,838	91,352	95,006	115,589	140,632	171,100	253,270
Utilities	34,776	36,167	37,614	39,118	40,683	49,497	60,221	73,268	108,454
Water, Sewer & Trash	51,852	53,926	56,083	58,326	60,660	73,802	89,791	109,244	161,708
Insurance	51,374	53,429	55,566	57,789	60,101	73,121	88,963	108,238	160,218
Property Tax	58,803	61,155	63,602	66,146	68,791	83,695	101,828	123,890	183,387
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	12,240	12,730	13,239	13,768	14,319	17,421	21,196	25,788	38,172
TOTAL EXPENSES	$651,305	$676,805	$703,308	$730,854	$759,484	$920,460	$1,115,743	$1,352,676	$1,989,080
NET OPERATING INCOME	$827,881	$846,757	$865,961	$885,493	$905,353	$1,009,543	$1,121,659	$1,241,086	$1,496,719
DEBT SERVICE									
First Lien Financing	$609,109	$609,109	$609,109	$609,109	$609,109	$609,109	$609,109	$609,109	$609,109
Second Lien	59,168	59,168	59,168	59,168	59,168	59,168	59,168	59,168	59,168
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$159,603	$178,479	$197,683	$217,215	$237,075	$341,265	$453,381	$572,809	$828,441
DEBT COVERAGE RATIO	1.24	1.27	1.30	1.33	1.35	1.51	1.68	1.86	2.24

HTC ALLOCATION ANALYSIS - Northwest Residential, Georgetown, 4% HTC/HOME #060401

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$600,000	$385,897		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,000,780	$2,000,780	$2,000,780	$2,000,780
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,931,807	$8,343,651	$7,931,807	$8,343,651
(4) Contractor Fees & General Requirements				
Contractor overhead	$202,348	$202,348	$198,652	$202,348
Contractor profit	$607,043	$607,043	$595,955	$607,043
General requirements	$607,043	$607,043	$595,955	$607,043
(5) Contingencies	$505,869	$505,869	$496,629	$505,869
(6) Eligible Indirect Fees	$1,095,921	$1,095,921	$1,095,921	$1,095,921
(7) Eligible Financing Fees	$654,625	$654,625	$654,625	$654,625
(8) All Ineligible Costs	$1,338,590	$1,338,590		
(9) Developer Fees			$2,035,549	
Developer overhead		$217,820		$217,820
Developer fee	$2,040,066	$1,822,246		$1,822,246
(10) Development Reserves	$351,083	$351,083		
TOTAL DEVELOPMENT COSTS	$17,935,175	$18,132,915	$15,605,873	$16,057,346

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$15,605,873	$16,057,346
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$15,605,873	$16,057,346
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$15,605,873	$16,057,346
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		$555,569	$571,642
Syndication Proceeds	**0.9499**	**$5,277,376**	**$5,430,048**
Total Tax Credits (Eligible Basis Method)		**$555,569**	**$571,642**
Syndication Proceeds		**$5,277,376**	**$5,430,048**
Requested Tax Credits		**$556,980**	
Syndication Proceeds		**$5,290,778**	
Gap of Syndication Proceeds Needed		**$7,315,175**	
Total Tax Credits (Gap Method)		**$770,096**	

Northwest Residential



Scale 1 : 250,000

1" = 3.95 mi Data Zoom 9-6

TN

MN (5.2°E)

Applicant Evaluation

Project ID # **060401** Name: **Northwest Residential** City: **Georgetown**

LIHTC 9% [ ] LIHTC 4% [x] HOME [x] BOND [x] HTF [ ] SECO [ ] ESGP [ ] Other [ ]

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

National Previous Participation Certification Received: [x] N/A [ ] Yes [ ] No

Noncompliance Reported on National Previous Participation Certification: [ ] Yes [ ] No

Portfolio Management and Compliance

Total # of Projects monitored: 1

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

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

monitored with a score less than thirty: 1

not yet monitored or pending review: 3

in noncompliance: 0

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

# of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Portfolio Analysis**	
Not applicable	[x]	Not applicable	[x]	Not applicable	[x]
Review pending	[ ]	Review pending	[ ]	No unresolved issues	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]	Not current on set-ups	[ ]
Unresolved issues found	[ ]	Issues found regarding late cert	[ ]	Not current on draws	[ ]
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Issues found regarding late audit	[ ]	Not current on match	[ ]
		Unresolved issues found that warrant disqualification (Comments attached)	[ ]		

Reviewed by Patricia Murphy Date 4/20/2006

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Cost Certification and Workout)**	
Not applicable	[ ]	Not applicable	[x]	Not applicable	[ ]
Review pending	[ ]	Review pending	[ ]	Review pending	[ ]
No unresolved issues	[x]	No unresolved issues	[ ]	No unresolved issues	[x]
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	R Meyer	Reviewer	Sandy M. Garcia	Reviewer	David Burrell
Date	4 /19/2006	Date	4 /20/2006	Date	4 /20/2006

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	[x]	Not applicable	[x]	No delinquencies found	[x]
Review pending	[ ]	Review pending	[ ]	Delinquencies found	[ ]
No unresolved issues	[ ]	No unresolved issues	[ ]		
Unresolved issues found	[ ]	Unresolved issues found	[ ]		
Unresolved issues found that warrant disqualification (Comments attached)	[ ]	Unresolved issues found that warrant disqualification (Comments attached)	[ ]		
Reviewer	EEF	Reviewer	Raul Gonzales	Reviewer	Melissa M. Whitehead
Date	4 /21/2006	Date	4 /24/2006	Date	4 /24/2006

Acting Executive Director William Dally **Executed:** Tuesday, April 25, 2006

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices of Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Woodside Manor Senior Community.

Summary of the Transaction

The application was received on July 13, 2006. The Issuer for this transaction is Montgomery County HFC. The development is to be located East of US 75 and West of Hempel, and North of Loop 336 in Conroe. Demographics for the census tract include AMFI of $41,302; the total population is 7830; the percent of population that is minority is 54.79%; the percent of population that is below the poverty line is 17.57%; the number of owner occupied units is 1482; the number of renter units is 663 and the number of vacant units is 186. The percent of population that is minority for the entire City of Conroe is 46% (Census information from FFIEC Geocoding for 2006). The development is new construction and will consist of 220 total units targeting the elderly population, with 180 affordable units and 40 market rate units. The City of Conroe has no zoning requirements. The Department has received no letters of support and no letters of opposition. The bond priority for this transaction is:

☒ **Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice of Housing Tax Credits for Woodside Manor Senior Community.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Woodside Manor Senior Community, TDHCA Number 060421

BASIC DEVELOPMENT INFORMATION

Site Address:	East Of US75 and west of Hempel, and North of Loop 336			Development #:	060421
City:	Conroe	Region:	6	Population Served:	Elderly
County:	Montgomery	Zip Code:	77303	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	NC
Bond Issuer:	Montgomery County 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:	OHC/Woodside Ltd.	
Owner Contact and Phone	Richard Shaw	(972) 733-0096
Developer:	Noel Project Development, LLC	
Housing General Contractor:	Brasha Builders, Inc.	
Architect:	Architecttura, Inc.	
Market Analyst:	The Jack Poe Company	
Syndicator:	Column Financial, LLC	
Supportive Services:	Outreach Housing Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	180	0	106	114	0	0	0

Type of Building:

- ☑ 5 units or more per building
- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	180
Market Rate Units:	40
Owner/Employee Units:	0
Total Development Units:	220
Total Development Cost:	$19,226,525
Number of Residential Buildings:	33
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$716,232	$646,769	0	0	0.00%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Woodside Manor Senior Community, TDHCA Number 060421

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Staples, District 3	NC	US Representative:	Brady, District 8, NC
TX Representative: Hope, District 16	NC	US Senator:	NC

Local Officials and Other Public Officials:

Mayor/Judge: Tommy Metcalf, Mayor, City of Conroe - The construction of affordable rental housing is in accordance with the City of Conroe Consolidated Plan which demonstrates a need for this type of development. In addition, the City Council declares support of this application for tax credits.

Resolution of Support from Local Government ☑

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

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

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance, before commencement of construction, of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.

Receipt, review, and acceptance, before commencement of construction, of a flood hazard mitigation plan to include, at a minimum, certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines ("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"), and consideration and documentation of building flood insurance and tenant flood insurance costs.

Receipt, review, and acceptance, before commencement of construction, of an assessment of the subject site for the possible presence of sources of excessive noise, and evidence that any subsequent recommendations have been carried out.

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

August 30, 2006

Development Information, Public Input and Board Summary

Woodside Manor Senior Community, TDHCA Number 060421

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

4% Housing Tax Credits: Credit Amount: $646,769

Recommendation: **Recommend approval of a Housing Tax Credit allocation not to exceed $646,769 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 23, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060421

DEVELOPMENT NAME

Woodside Manor Senior Community

APPLICANT

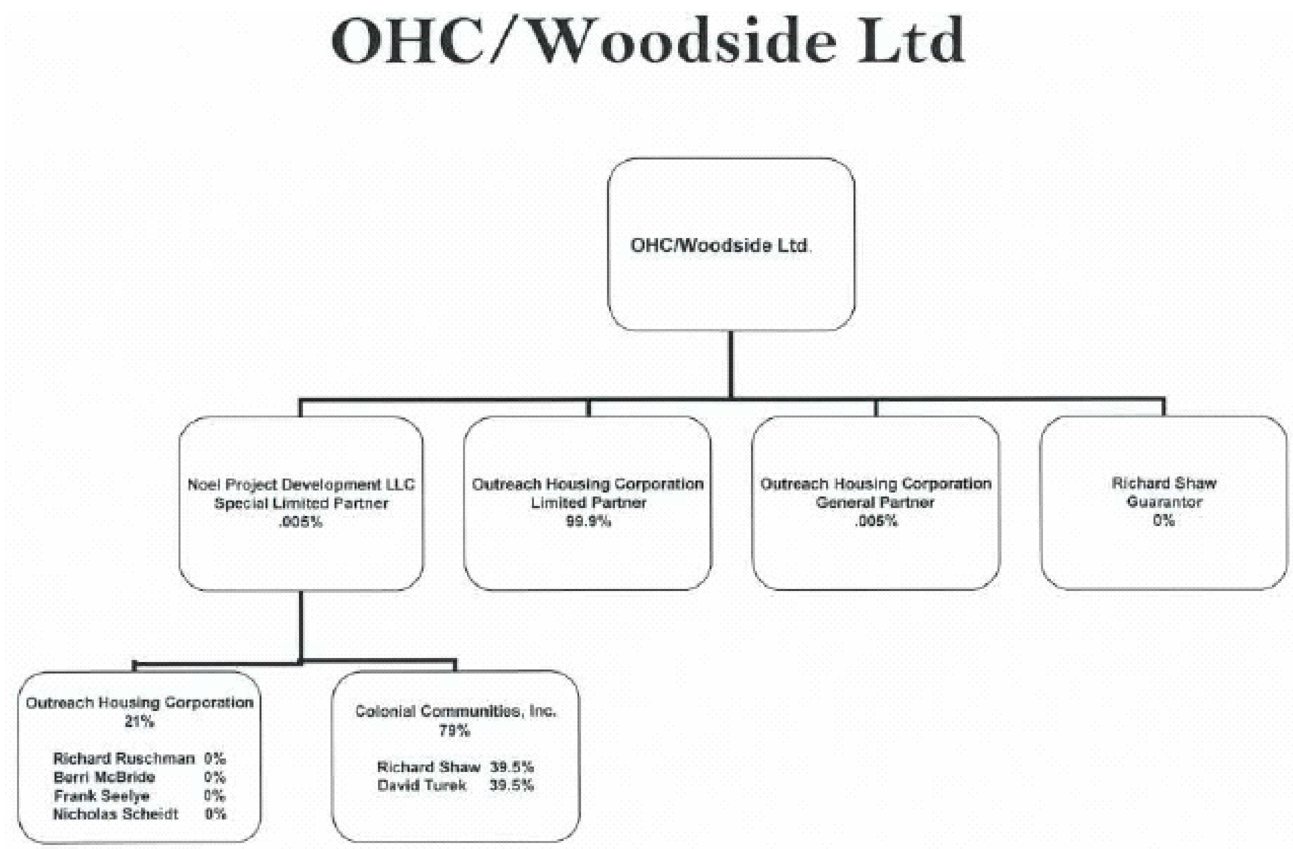
Name: OHC/Woodside Ltd **Contact:** Richard Shaw

Address: 17103 Preston Road, Suite 250

City Dallas **State:** TX **Zip:** 75248

Phone: (972) 733-0096 **Fax:** (972) 733-1864 **Email:** richard@brasha.com; mary@brasha.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location: East of US75 and west of Hempel, and north of Loop 336

City: Conroe **Zip:** 77303

County: Montgomery **Region:** 6 ☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$716,232	N/A	N/A	N/A

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

Target Population: Elderly **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $646,769 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance, before commencement of construction, of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.
2. Receipt, review, and acceptance before commencement of construction of a flood hazard mitigation plan to include, at a minimum, certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines ("must develop the site so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements"), and consideration and documentation of building flood insurance and tenant flood insurance costs.
3. Receipt, review, and acceptance, before commencement of construction, of an assessment of the subject site for the possible presence of sources of excessive noise, and evidence that any subsequent recommendations have been carried out.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 220 **# Res Bldgs** 33 **# Non-Res Bldgs** 2 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 172,360 **Av Un SF:** 783 **Common Area SF:** 6,434 **Gross Bldg SF:** 178,794

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive multifamily buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 50% Hardi siding and 50% face brick. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be resilient covering and laminate wood. Threshold criteria for the 2006 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 fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave, an ice maker in the refrigerator, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, and eight-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for a total of 200 or more units, the Applicant has elected to provide a community dining room with kitchen, community gardens, controlled access gates, a covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a senior activity room, and a swimming pool.

Uncovered Parking: 304 spaces **Carports:** 80 spaces **Garages:** 80 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Woodside Manor Senior Community is a 9-unit per acre new construction development located in northern Conroe. The development is comprised of 33 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR/1Ba	2BR/2Ba
11	1		6	2
7	1	8	2	
2	1		2	4
12	1	4		
1	1	2		

The development includes a 5,720-square foot community building and a separate 714-square foot maintenance building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	25.2 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	A6, B, C	**Within 100-year floodplain?**	☒ Yes ☐ No
Current Zoning:	N/A	**Needs to be re-zoned?**	☐ Yes ☐ No ☒ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is located in northern Conroe, "on the north side of Loop 336 between the Union Pacific Railroad line and Canterbury Drive." (Market Study p. 26)

Adjacent Land Uses:

- **North:** undeveloped land immediately adjacent and FM 3083 beyond;
- **South:** Loop 336 immediately adjacent and commercial development beyond;
- **East:** undeveloped land immediately adjacent and commercial development beyond; and
- **West:** undeveloped land immediately adjacent and commercial development beyond.

Site Access: The site will be accessed from Loop 336 on the south side of the property.

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

Shopping & Services: "A fire station is located to the east of the site on the north side of Loop-336 … The subject has good proximity to shopping. An HEB grocery store and pharmacy is located at the southeast corner of SH-336 and Frazier Street (SR-75), and this corner has several other fast food restaurants, convenience stores, and other retail buildings. Other retail development is located along Loop-336 and Frazier Street. A Walmart discount store is located at the southeast corner of IH-45 and Loop-336, and a neighborhood retail center is located at the northeast corner. There is heavy retail development along IH-45 including national chain restaurants, neighborhood and power retail centers and the Conroe Outlet Mall development (which includes many outlet stores of major manufacturers). A new retail center is under development along the east side of IH-45 between Loop 336 and FM-3083." (Market Study p. 26)

Adverse Site Characteristics:

Floodplain: "There is a significant amount of 100 and 500 year flood plain near the subject that may also be located within the subjects boundaries. A survey delineating the subject's property lines and any flood plain should be obtained." (Market Study p. 26) The Applicant has provided an engagement letter from Precision Civil Design Group, LLC indicating that the firm will "perform a floodplain determination on the proposed multi-family development in Conroe, Texas. PCDG is currently reviewing the available floodplain models and analyzing the data to determine the exact location of the floodplain. A topographic survey has also been completed to assist in this task."

According to the 2006 QAP, "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the 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. A condition of this report shall be receipt, review, and acceptance, before commencement of construction, of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs, and certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 07/19/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

The Applicant will acquire 25.2 acres which is part of a larger tract of approximately 157 acres. A Phase I Environmental Site Assessment report dated September 21, 2005 was prepared by Phase One Technologies, LLC for the entire 157 acres (the Analyst used a survey which was inaccurately marked, and therefore makes reference to 159 acres). The ESA contained the following findings and recommendations:

Findings:

- **Noise:** Noise was not addressed in the ESA report.
- **Floodplain:** “The area along Stewart Creek is in the 100-year flood area. Base flood elevations and flood hazard factors have been determined. A portion of the outside boundary of Stewart Creek is located in an area between limits of the 100-year flood and 500-year flood. The remainder of the Tract is outside the 500-year flood hazard area.” (p. 8) Examination of the survey of the 159 acre tract, the legal description of the subject 25.2 acre site, and the site plan indicate that the 100-year floodplain does encroach on the northeastern boundaries of the subject site. The Applicant has provided an engagement letter from Precision Civil Design Group, LLC indicating that the firm will “perform a floodplain determination on the proposed multi-family development in Conroe, Texas. PCDG is currently reviewing the available floodplain models and analyzing the data to determine the exact location of the floodplain. A topographic survey has also been completed to assist in this task.”
- **Asbestos-Containing Materials (ACM):** “Hazardous materials, including asbestos, PCB’s, and lead: None.” (p. 6)
- **Lead-Based Paint (LBP):** “Hazardous materials, including asbestos, PCB’s, and lead: None.” (p. 6)
- **Lead in Drinking Water:** “Hazardous materials, including asbestos, PCB’s, and lead: None.” (p. 6)
- **Radon:** “Radon is not considered a concern for this Tract.” (p. 9)
- **Recognized Environmental Concerns (RECs):** “This assessment has revealed no current evidence of recognized environmental conditions in connection with the Tract other than noted below.”(p. 9)
- **Other:** (p. 9)
  - Several piles of discarded debris, including tires, were observed along the right-of-way and on the Tract.
  - The Tract has numerous access points, which allow a number of unwanted activities to take place on the Tract.
  - A number of drainage ditches are located throughout the Tract. The majority of these have become obstructed by both fallen trees, silt and brush.
  - Clearing activity has taken place on the Tract recently, creating several large brush piles.
  - A gas vent pipe is located in the northwest corner of the (157 acre) Tract, west of Stewart Creek.

Recommendations:

1. Have trash removed and disposed of properly. Also, have the discarded tires removed and taken to a properly registered landfill.

2. To deter illegal dumping, post Tract against trespassing according to Texas Penal Code Sec. 30.06
3. To allow water to flow properly on the Tract and not back up, document and repair all internal and external drainage ditches.
4. Have brush piles removes and disposed of properly. Currently the brush piles pose a potential fire hazard and obstruct the flow of water across the Tract.
5. Have exact floodplain boundaries surveyed on the ground by a licensed, registered surveyor.

Receipt, review, and acceptance, before commencement of construction, of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

Receipt, review, and acceptance, before commencement of construction, of an assessment of the subject site for the possible presence of sources of excessive noise, and evidence that any subsequent recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Eighty-two percent of the units (180 of 220) will be reserved for households earning 60% or less of AMGI, and the remaining 40 units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMGI	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated May 25, 2006 was prepared by Jack Poe Company, Inc. ("Market Analyst") and included the following findings:

Secondary Market Information: "Conroe is located 35 miles north of the Houston Central Business District, and the secondary market area is the Houston CMSA (Consolidated Metropolitan Statistical Area)." (p. 8)

Definition of Primary Market Area (PMA): "The primary market area is centered around the City of Conroe, Texas, but includes the majority of Northern Montgomery County as well as small portions of Walker, Liberty, and San Jacinto Counties. The outlying rural areas surrounding the City of Conroe are included because many people will relocate from rural to suburban areas as they age to be closer to emergency services and health care facilities. Therefore, the primary market is delineated by FM-1375 and SR-150 on the north, FM-149 on the west, FM-1488 and SR-242 on the south, and US-59 and FM-2025 on the east. In addition to Conroe, the primary market area includes all of the town of Willis, and portions of other small towns including New Waverly, Montgomery, Splendora, and Cleveland." (p. 21) This area encompasses approximately 767 square miles and is equivalent to a 16 mile radius.

Population: The estimated 2005 population of the PMA was 169,178 and is expected to increase by 27% to approximately 214,786 by 2010. Within the primary market area there were estimated to be 21,749 elderly households in 2005.

Total Market Demand: "Population and household growth information for 2000, 2005, and 2010 were obtained from ERSI, which is a reliable source of demographic data. The 2006 TDHCA Market Analysis Guidelines specify 2006 and 2011 demographic data be used, but ERSI informed us … they are still only publishing the 2005 and 2010 data. Therefore, the 2006 and 2011 figures … are interpolated and extrapolated based on the 2005 and 2010 data." (p. 23) The Market Analyst determined a target household adjustment rate of 38% (p. 23) and a household size-appropriate adjustment rate of 100% since the average senior household is typically less than two persons. The market study was based on a preliminary application that indicated a mix of units with rent and income restricted at both 50% and 60% of area mean gross income (AMGI), as well as some market rate units. The Analyst determined a minimum income of $17,130 based on a proposed one bedroom 50% rent of $571 and an allowed rent burden of 40% for senior households; the maximum income of $32,940 is based on the 60% of AMGI income for a three person household (1.5 persons per bedroom). (p. 24) The Analyst's income band results in an income eligible adjustment rate of 6% of the general population. (summary page) The tenure appropriate adjustment rate of 2% is specific to the general household population. (summary page) The Market Analyst "studied the weekly traffic reports at 12 similar rural qualified elderly developments … the traffic reports at these senior tax credit properties is the best empirical data available, and a turnover rate of 35% is concluded." (p. 57)

In addition, "the available data suggests that demand emanates from a far greater distance than typically considered to be the primary market of competition to a property … it is recommended by TDHCA that if an analyst intends to include more than 10% of additional demand from the secondary market – then the analyst should analyze the secondary market demographic data and competing properties in a manner like the analyst studied the primary market, which is beyond the scope of this analysis. Therefore … an additional 10% of demand is included from the secondary market." (p. 58)

The Underwriter worked directly from the 2005 and 2010 demographic data provided in the market study, and determined a target household adjustment rate of 38%. The Underwriter used a household size adjustment rate of 100%. The application submitted to TDHCA included only 60% units and market rate units. Based on a 60% one bedroom rent of $686 and a 40% rent burden for senior households, the Underwriter determined a minimum household income of $20,580; the maximum income for the 60% two bedroom unit is the three person household income of $32,940. This narrower income band determines an income eligible adjustment rate of 12.3% of senior households. The tenure appropriate adjustment rate of 35% is specific to the target (senior) household population. Lacking any supporting analysis, the Underwriter did not include any demand from the secondary market.

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	157	24%	57	13%
Resident Turnover	434	67%	372	87%
Other Sources: secondary market	59	9%	--	--
TOTAL DEMAND	**650**	**100%**	**428**	**100%**

p. 64

Inclusive Capture Rate: "The only other existing income restricted senior housing development has been operating at an occupancy level exceeding 90% for several years. The Lodges at Silverdale is a 160 unit, income restricted senior housing development that is under construction, and it must be included in the inclusive capture rate." (p. 64) The Market Analyst calculated an inclusive capture rate of 52% based on a supply of 340 unstabilized affordable senior housing units (180 at the subject property plus 160 at the Lodges at Silverdale) and demand for 650 units. The Underwriter calculated an inclusive capture rate of 79% based on a supply of 340 units divided by a revised demand estimate for 428 affordable units. Current TDHCA guidelines allow for an inclusive capture as high as 100% for developments targeting seniors.

Unit Mix Conclusion: "The developer intends to build 106 one bedroom/one bath floor plans, 84 two bedroom/one bath and 30 two bedroom/two bath floor plans. The two bedroom/one bath floor plan style is a departure from the market convention that every bedroom have a bath, but is well suited for an elderly household since it is more common that two or less adults occupy a two bedroom unit, and second bedrooms are often treated as a study or project room. Furthermore, fewer bathrooms result in lower utility and maintenance costs, which will help to insure a healthy cash flow to the property and reduce economic risk. In conclusion, the developer's unit mix at the subject is the best possible unit mix." (p. 60) At the time of the market study, the developer's proposed unit mix included 22 units (10% of the total) set aside with rent and income restrictions at 50% or less of AMGI, as well as 158 units at 60% of AMGI, and 40 market rent units. The proposal has since been revised to include 180 units at 60% of AMGI and 40 market units, with no 50% units. As indicated above, this change was factored into the Underwriter's calculations of inclusive capture rate, with the conclusion that there is sufficient demand for this revised unit mix.

Market Rent Comparables: The Market Analyst surveyed 4 comparable tax credit apartment projects (totaling 516 units) and 5 comparable market rate apartment projects (totaling 948 units) in the market area. "To determine if the subject's scheduled rents are appropriate, we analyzed nine apartment complexes in the primary market of competition and proved that if the subject were to be leased with the rental rate and income restrictions planned to be imposed, the project would be able to lease up to stabilized occupancy without detrimentally impacting the competitive market for affordable housing." (p. 60) "The restricted rents forecasted by the developer are equal to the maximum allowable rents, except for the (two-bedroom/one-bath) floor plan. But, the developer's forecasted rents for the market rate units are slightly higher than concluded to be applicable in the market at this time." (p. 61) The Analyst concluded that "the maximum allowable rent is obtainable" for each of the program unit types. The underwriting analysis uses maximum program rents for restricted units, and the Market Analyst's concluded rents for the market rate units, which are lower than those proposed by the Applicant.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$632	$631	$1	$700	-$68
1-Bedroom (MR)	$730	N/A		$700	$30
2-BR/1-Ba (60%)	$710	$753	-43	$800	-$90
2-BR/1-Ba (MR)	$835	N/A		$800	$35
2-BR/2-Ba (60%)	$742	$753	-$11	$875	-$133
2-BR/2-Ba (MR)	$895	N/A		$875	$20

(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 market rate comparables are 76% to 100 % physically occupied, the family tax credit comparables are 88% to 100% occupied, and the qualified elderly developments are 100% occupied … (Havenwood Place) is the most similar (to the subject) in that it is an age and income restricted housing development with one-story design. (Plantation Apartments) is an older apartment that is restricted to seniors and it is also 100% occupied … Occupancy is softer in the market rent segment of the market due to two new complexes that are in their initial lease up stage. One tax credit comparable (Park Village) has suffered recently due to the rapid lease up of another (the Park at Piney Woods), which is only one block north of it." (p. 63) It should be noted that the Park at Piney Woods enjoys a market advantage which contributed to this rapid lease up. The rents at this property are restricted to the 50% of AMGI level, but it is permitted to serve tenants earning up to 60% of AMGI. This means the same market of eligible renters will pay lower rents.

Absorption Projections/Market Impact: "The subject (180 HTC units and 40 market rate units) is planned to be built in a growing market where there is only one directly competitive development that offers 64 units. None of these directly competitive units are vacant. A competing property (Lodges at Silverdale) is under construction, and it will have 160 two bedroom units reserved for seniors. There is adequate demand in the market to absorb the subject units within 5 months without detrimentally impacting the existing supply of competitive qualified elderly developments." (p. 67)

Unstabilized, Under Construction, and Planned Development: "No other existing Housing Tax Credit properties are located within one mile of the subject. The site of a proposed 176 unit (168 restricted) HTC development is located approximately one mile west." (p. 67) This proposed development, Oakcreek Apartments, targets the family population, and is therefore not considered competition for the subject senior development. "A competing property (Lodges at Silverdale) is under construction, and it will have 160 two bedroom units reserved for seniors." (p. 67)

Other Information: The Department commissioned Vogt, Williams, & Bowen, LLC to perform a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Montgomery submarket within the Houston MSA. According to the Vogt, Williams, & Bowen study; there is demand in this submarket for 54 studio or one-bedroom units at the 0%-30% of AMGI income level; demand for 31 studio or one-bedroom units at the 31%-40% income level; negative demand (-61 units) for studio or one-bedroom units at the 41%-50% income level; negative demand (-376 units) for studio or one-bedroom units at the 51%-60% income level; and negative demand (-19 units) for studio or one-bedroom units at income levels greater than 60% of AMGI. For the two-bedroom units, the Vogt Williams study reported demand for 25 units at the 0%-30% of AMGI income level; demand for 14 units at the 31%-40% income level; negative demand (-30 units) at the 41%-50% income level; negative demand (-217 units) at the 51%-60% income; and negative demand (-12 units) for two-bedroom units at income levels greater than 60% of AMGI. (p. III-311)

The Department's market study for the entire MSA does not incorporate demand from turnover as normally allowed in development specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development specific market study identifies the demand from turnover as potential demand that can be attracted away from existing units and to the proposed development (and any other new developments that have not yet become fully occupied.) These differences are further addressed in the subject market study:

"We do not concur with the findings in the Vogt, Williams, and Bowen, LLC report for two reasons. First, they include all of Montgomery County as one submarket area, and in our opinion, this is too large an area to be concluded for the subject's Primary Market area. It exceeds the maximum population standard of 100,000 for general apartments and 250,000 for senior apartments. Also, the Woodlands is included in their report, and it is not in this report. The Woodlands is an upper-middle income, master-planned development. It has a significant number of both market rate and tax credit apartments, but it is judged to be a separate market area from the subject. We do not believe that the subject would draw more than 10% of its residents from the Woodlands, and it is more likely to draw senior households from the surrounding semi-rural parts of northern Montgomery County.

The second reason that we do not concur with the TDHCA's market study conclusion is that the analysis is based on a balanced market with a 95% occupancy rate. We believe that occupancy rates of 92% to 94% represent a balance of supply and demand for most urban and suburban apartment markets, and that 95% occupancy or above reflects under-supplied conditions in which rents are rising rapidly. Thus, we believe that the Vogt, Williams, and Bowen, LLC analysis is too conservative to conclude that the market is oversupplied until a 95% occupancy is reached.

… There is only one existing income restricted senior housing development in the primary market that was specifically designated for the subject, and it is 100% occupied. Its last vacancy was over five months ago. The excess supply of vacant senior housing units are located beyond the primary market, and this extremely large area is not appropriate for estimating the supply and demand with which the subject would compete." (p. 65)

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

OPERATING PROFORMA ANALYSIS

Income: For the program units, the Applicant's projected rent collected per unit was calculated by subtracting tenant-paid utility allowances as of December 2005, maintained by the Montgomery County Housing Authority, from the 2006 program gross rent limit. Tenants will be required to pay electricity and natural gas costs, but hot water will be provided by the Applicant. Based on the market study the Underwriter concludes that the program maximum limits are achievable. The Applicant's proposed rents for the market rate units were higher than what the Market Analyst concluded to be achievable; therefore the Underwriter will use the Analyst's estimates.

The Applicant proposed secondary income of $57 per unit per month, including rental income from garages, carports, and laundry machines, as well as miscellaneous fee income from applications, terminations, lost keys, etc. Based on comparison with six months of operating income at a similar property the Applicant developed in DeSoto, TX, the Underwriter concludes an overall secondary income of $27 per unit per month is achievable. The Applicant's estimated losses due to vacancy and collections are consistent with TDHCA guidelines. The Applicant's estimated Effective Gross Income of $1.85M is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,388 per unit is not within 5% of the Underwriter's estimate of $3,758, derived from actual operating history of a similar development, the TDHCA database, and third-party data sources. The Applicant's estimate for General & Administrative expenses is $43K lower than the Underwriter's estimate; the Applicant's estimate for Repairs & Maintenance expenses is $32K lower than the Underwriter's estimate. The Underwriter's estimate for utility expense is adjusted to reflect that the Applicant will provide hot water to tenants. The Underwriter's estimate for property tax is adjusted to reflect an expected 50% tax abatement. (The subject qualifies for the tax abatement because Outreach Housing Corp., the General Partner and 99.9% Limited Partner, is a non-profit CHDO (Community Housing Development Organization).

Conclusion: While the Applicant's estimated income is within 5% of the Underwriter's, the Applicant's total annual operating expense projection is not, and the Applicant's estimated Net Operating Income (NOI) of $1.1M is 14% higher than the Underwriter's estimate. When income, expenses, and NOI are not each within 5%, TDHCA guidelines call for the Underwriter's estimated NOI to be used to determine debt capacity.

The Underwriter's estimated NOI and debt service result in a debt coverage ratio (DCR) below the current underwriting minimum guideline of 1.10. Therefore, the recommended financing structure reflects a decrease in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma applies a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized, with a reduced permanent debt service requirement, resulting in continued positive cashflow and a debt coverage ratio that remains above 1.10. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 117.746 acres	$37,680	**Assessment for the Year of:**	2006
Land: 40 acres	$120,000	**Valuation by:**	Montgomery County Appraisal Dist
Site: 25.204 acres (prorated from 40 acres)	$75,612	**Tax Rate:**	2.8955

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Contract to Purchase Real Estate (20 acres amended to 25.204 acres)		
Contract Expiration:	10/15/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,150,000	**Other:**	Contract assigned to Applicant by Purchaser (DAS Housing)
Seller:	Conroe Sugar Pine Village, Ltd	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $45,628 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction.

The Contract Purchaser is DAS Housing, Inc., a related party to the Applicant. DAS Housing, Inc. has executed an Assignment of "all of its right, title, and interest in and to the Contract to" the Applicant, OHT/Woodside, Ltd.

The Applicant provided a survey of 157 acres, and the legal description defines the subject 25 acres by reference to the 157 acre tract. Montgomery County Central Appraisal District records show the land as two parcels. One tract of 40 acres is owned by the Contract Seller, Conroe Sugar Pine Village, Ltd. The subject 25 acres will be subdivided from this 40 acre tract. The second tract of 117 acres is owned by New Pine Venture IV, Ltd., an unrelated party. New Pine Venture IV purchased the entire 157 acre tract in 2005 and immediately sold the 40 acre parcel to the Seller.

Sitework Cost: The Applicant's claimed sitework costs of $7,489 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 $1.5M (17%) higher than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook*. The Applicant has constructed very similar developments in several locations over several years. The Applicant's estimate for direct construction cost in the current application (on a per square foot basis) is 24% higher than the estimate in the application for Creekside Manor in Kileen, submitted in the fall of 2005, and 38% higher than that for Hickory Manor in DeSoto, submitted in 2004. The Underwriter's estimate is 13% higher than that for the Kileen development, and 19% higher than for DeSoto.

Ineligible Costs: The Applicant included $85K in direct construction costs for garages and carports as an ineligible cost. The Underwriter's estimate for these costs is $427K. The Underwriter's estimate for Ineligible Costs has been adjusted for this difference.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $540K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. The Applicant also included $50,000 under "Other Miscellaneous Legal Soft Costs" as an eligible cost, and indicated this is a contingent amount to cover an unforeseen increase in closing costs. The Underwriter has shifted this amount to Contingency Costs. Eligible contingency costs are limited to 5% of the sum of eligible hard construction costs plus eligible site costs; this additional amount causes the Applicant's estimated contingency cost to exceed the limit by $3.8K, thereby reducing the Applicant's calculated eligible basis.

Fees: The Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by $97K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount The Applicant's fees for the contractor were set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above, the eligible basis portion of these fees now exceeds the maximum by $548K and has been reduced by the same amount in order to recalculate the appropriate requested credit amount.

Conclusion: The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The Underwriter's calculated eligible basis of $16.8M is increased by 30% because Montgomery County has been designated a Difficult Development Area. The result is then reduced by 18% because only 82% of the units are reserved for low income tenants. The resulting adjusted eligible basis of $17,866,558 supports annual tax credits of $646,769, based on an applicable percentage of 3.62% as of July 1, 2006. (The Applicant used a lower applicable percentage of 3.47%.) This tax credit 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 FINANCING

Source: Column Capital, LLC **Contact:** Chris Diaz

Principal: $250,000 **Interest Rate:** Not specified **Term:** 24 months

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: Bridge Loan

INTERIM TO PERMANENT BOND FINANCING

Source: Column Capital, LLC **Contact:** Paul J. Weissman

Tax-Exempt: $13,250,000 **Interest Rate:** 6.25%, fixed, lender's estimate **Amort:** 48 months

Taxable: $0 **Interest Rate:** %, fixed, lender's estimate **Amort:** months

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: 24 month interim period at 67% of LIBOR + 150 bps + 15 bps fee stack

TAX CREDIT SYNDICATION

Source: Column Capital, LLC **Contact:** Chris Diaz

Proceeds: $7,018,400 **Net Syndication Rate:** 98% **Anticipated HTC:** $716,232/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $794,200 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim Financing: "The Partnership expects to receive pre-development financing from Column Capital in an amount of $250,000." (Equity Letter of Intent, p. 2 of 8)

Interim to Permanent Bond Financing: Column Capital shall arrange for the purchase of tax-exempt bonds issued by Montgomery County HFC. The proceeds from the Bonds shall fund an interim construction loan and permanent mortgage loan on the property. The estimated bond and loan amount is $13,250,000. The interim construction period is 24 months, with an interest rate at 67% of LIBOR plus 150 basis points. The permanent phase will be 30 years, amortized over 40 years, at a fixed interest rate of 6.25%.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. "If the Federal Credits delivered to the Investor are less than $62,664 for 2007, $524,190 for 2008, or $716,160 for 2009, the Aggregate Capital Contribution shall be reduced by $0.75 for each dollar of Federal Credit below such amounts. The General Partner will immediately repay the amount by which the above adjuster exceeds the remaining unpaid capital contributions." (Equity Letter of Intent, p. 3 of 8)

GIC Income: The Applicant included an anticipated return of 5.45% from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase. These funds are added to the anticipated deferred developer fee.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $794,200 amount to 23% of the total fees.

Financing Conclusions: As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.10. The current underwriting analysis assumes a decrease in the permanent loan amount to $12,879,132 based on the terms reflected in the application materials. As a result the development's gap in financing will increase. The permanent lender's minimum is 1.10.

The Underwriter's total development cost estimate less the permanent loan of $12,879,132 indicates the need for $6,397,394 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $647,755 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($716,232), the gap-driven amount ($647,755), and eligible basis-derived estimate ($646,769), the basis-derived estimate of $646,769 is recommended, resulting in proceeds of $6,337,732 (based on a syndication rate of 98%).

The Underwriter's recommended financing structure indicates the need for $9,662 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.

- Outreach Housing Corporation (OHC) is a Texas 501(c)(3) non-profit corporation. OHC is the 0.005% General Partner, as well as a 99.99% Limited Partner and 21% owner of Noel Project Development, LLC. OHC submitted an unaudited financial statement as of January 6, 2006 reporting total assets of $11.1M consisting of $346K in cash, $6.1M in receivables, and $4.6M in real property. Liabilities totaled $285K, resulting in net assets of $11.1M.
- Noel Project Development, LLC, the Developer and 0.005% Special Limited Partner, submitted an unaudited financial statement as of August 1, 2006, reporting total assets of $3.0M, consisting of $2.5K in cash, $783K in accounts receivable, and $2.2M in long-term notes receivable. Liabilities totaled $0, resulting in net assets of $3.0M.
- Colonial Communities, Inc. is 79% owner of Noel Project Development, LLC. Colonial Communities, Inc. submitted an unaudited financial statement as of August 1, 2006, reporting total assets of $5.6M, consisting of $142K in cash, $770K in accounts receivable, $3.4M in long-term notes receivable, and $1.3M in real property. Liabilities totaled $150K, resulting in net assets of $5.5M.
- Richard Shaw is 50% owner of Colonial Communities, Inc. Mr. Shaw submitted an unaudited financial statement as of August 1, 2006 and is anticipated to be a guarantor of the development.
- David Turek is 50% owner of Colonial Communities, Inc. Mr. Turek submitted an unaudited financial statement as of August 1, 2006, and is anticipated to be a guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.
- Significant environmental/locational risk exists due to part of the site being located in the 100 year floodplain.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Thomas Cavanagh*	**Date:**	
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	

MULTIFAMILY COMPARATIVE ANALYSIS

Woodside Manor Senior Community, Conroe, 4% HTC, 060421

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	88	1	1	700	$686	$631	$55,528	$0.90	$55.00	$34.00
MR	18	1	1	700	N/A	$700	12,600	1.00	55.00	34.00
TC 60%	68	2	1	840	823	$753	51,204	0.90	70.00	35.00
MR	16	2	1	840	N/A	800	12,800	0.95	70.00	35.00
TC 60%	24	2	2	920	823	753	18,072	0.82	70.00	35.00
MR	6	2	2	920	N/A	875	5,250	0.95	70.00	35.00
TOTAL:	220		AVERAGE:	783	N/A	$707	$155,454	$0.90	$62.77	$34.52

INCOME	Total Net Rentable Sq Ft:	172,360		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$1,865,448	$1,842,888		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$27.18	71,752	39,600	$15.00	Per Unit Per Month	
Other Support Income: (describe)					111,480	$42.23	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,937,200	$1,993,968			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(145,290)	(147,384)	-7.39%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$1,791,910	$1,846,584			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.29%	$350	0.45	$76,911	$34,000	$0.20	$155	1.84%
Management		4.00%	326	0.42	71,676	73,720	0.43	335	3.99%
Payroll & Payroll Tax		10.13%	825	1.05	181,587	175,500	1.02	798	9.50%
Repairs & Maintenance		5.00%	407	0.52	89,528	57,500	0.33	261	3.11%
Utilities		4.53%	369	0.47	81,222	70,000	0.41	318	3.79%
Water, Sewer, & Trash		4.04%	329	0.42	72,327	74,000	0.43	336	4.01%
Property Insurance		3.37%	274	0.35	60,326	55,000	0.32	250	2.98%
Property Tax	2.8955	7.11%	579	0.74	127,402	140,000	0.81	636	7.58%
Reserve for Replacements		2.46%	200	0.26	44,000	44,000	0.26	200	2.38%
Other: compl fees		1.21%	99	0.13	21,700	21,700	0.13	99	1.18%
TOTAL EXPENSES		46.13%	$3,758	$4.80	$826,680	$745,420	$4.32	$3,388	40.37%
NET OPERATING INC		53.87%	$4,387	$5.60	$965,230	$1,101,164	$6.39	$5,005	59.63%
DEBT SERVICE									
Column Capital		50.38%	$4,103	$5.24	$902,706	$902,706	$5.24	$4,103	48.89%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		3.49%	$284	$0.36	$62,524	$198,458	$1.15	$902	10.75%
AGGREGATE DEBT COVERAGE RATIO					1.07	1.22			
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)		5.98%	$5,227	$6.67	$1,150,000	$1,150,000	$6.67	$5,227	5.46%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.57%	7,489	9.56	1,647,500	1,647,500	9.56	7,489	7.82%
Direct Construction		45.52%	39,778	50.77	8,751,134	10,275,000	59.61	46,705	48.78%
Contingency	5.00%	2.70%	2,363	3.02	519,932	600,000	3.48	2,727	2.85%
General Req'ts	6.00%	3.25%	2,836	3.62	623,918	670,000	3.89	3,045	3.18%
Contractor's G & A	2.00%	1.08%	945	1.21	207,973	220,000	1.28	1,000	1.04%
Contractor's Profit	6.00%	3.25%	2,836	3.62	623,918	680,000	3.95	3,091	3.23%
Indirect Construction		3.55%	3,105	3.96	683,100	683,100	3.96	3,105	3.24%
Ineligible Costs		5.09%	4,450	5.68	978,907	742,850	4.31	3,377	3.53%
Developer's G & A	2.54%	1.93%	1,686	2.15	370,994	725,000	4.21	3,295	3.44%
Developer's Profit	12.46%	9.47%	8,273	10.56	1,820,000	1,820,000	10.56	8,273	8.64%
Interim Financing		8.06%	7,042	8.99	1,549,150	1,549,150	8.99	7,042	7.35%
Reserves		1.56%	1,364	1.74	300,000	300,000	1.74	1,364	1.42%
TOTAL COST		100.00%	$87,393	$111.55	$19,226,525	$21,062,600	$122.20	$95,739	100.00%
Construction Cost Recap		*64.36%*	***$56,247***	***$71.79***	***$12,374,375***	***$14,092,500***	***$81.76***	***$64,057***	*66.91%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Column Capital	68.92%	$60,227	$76.87	$13,250,000	$13,250,000	$12,879,132	Developer Fee Available
HTC Proceeds: Column Capital	36.50%	$31,902	$40.72	7,018,400	7,018,400	6,337,732	% of Dev. Fee Deferred
Deferred Developer Fees	4.13%	$3,610	$4.61	794,200	794,200	9,662	0%
Additional (Excess) Funds Req'd	-9.55%	($8,346)	($10.65)	(1,836,075)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,226,525	$21,062,600	$19,226,525	$3,600,265

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Woodside Manor Senior Community, Conroe, 4% HTC, 060421

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$52.03	$8,968,201
Adjustments				
Exterior Wall Finish	7.50%		$3.90	$672,615
Elderly	3.00%		1.56	269,046
Roofing			0.00	0
Subfloor			(2.24)	(386,086)
Floor Cover			2.22	382,639
Porches/Balconies	$18.15	26,295	2.77	477,254
Plumbing	$618	220	0.79	136,000
Built-In Appliances	$1,675	220	2.14	368,500
Stairs/Fireplaces		0	0.00	0
Enclosed Corridors	$42.11	0	0.00	0
Heating/Cooling			1.73	298,183
Garages/Carports	$5,338	80	2.48	427,040
Comm &/or Aux Bldgs	$61.63	6,434	2.30	396,511
Other: fire sprinklers	$0.00	172,360	0.00	0
SUBTOTAL			69.68	12,009,904
Current Cost Multiplier	1.04		2.79	480,396
Local Multiplier	0.89		(7.66)	(1,321,089)
TOTAL DIRECT CONSTRUCTION COSTS			$64.80	$11,169,210
Plans, specs, survy, bld prm	3.90%		($2.53)	($435,599)
Interim Construction Interest	3.38%		(2.19)	(376,961)
Contractor's OH & Profit	11.50%		(7.45)	(1,284,459)
NET DIRECT CONSTRUCTION COSTS			$52.64	$9,072,191

PAYMENT COMPUTATION

Primary	$13,250,000	Amort	480
Int Rate	6.25%	DCR	1.07
Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.07
Additional		Amort	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$877,439
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$87,791

Primary	$12,879,132	Amort	480
Int Rate	6.25%	DCR	1.10
Secondary	$0	Amort	0
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

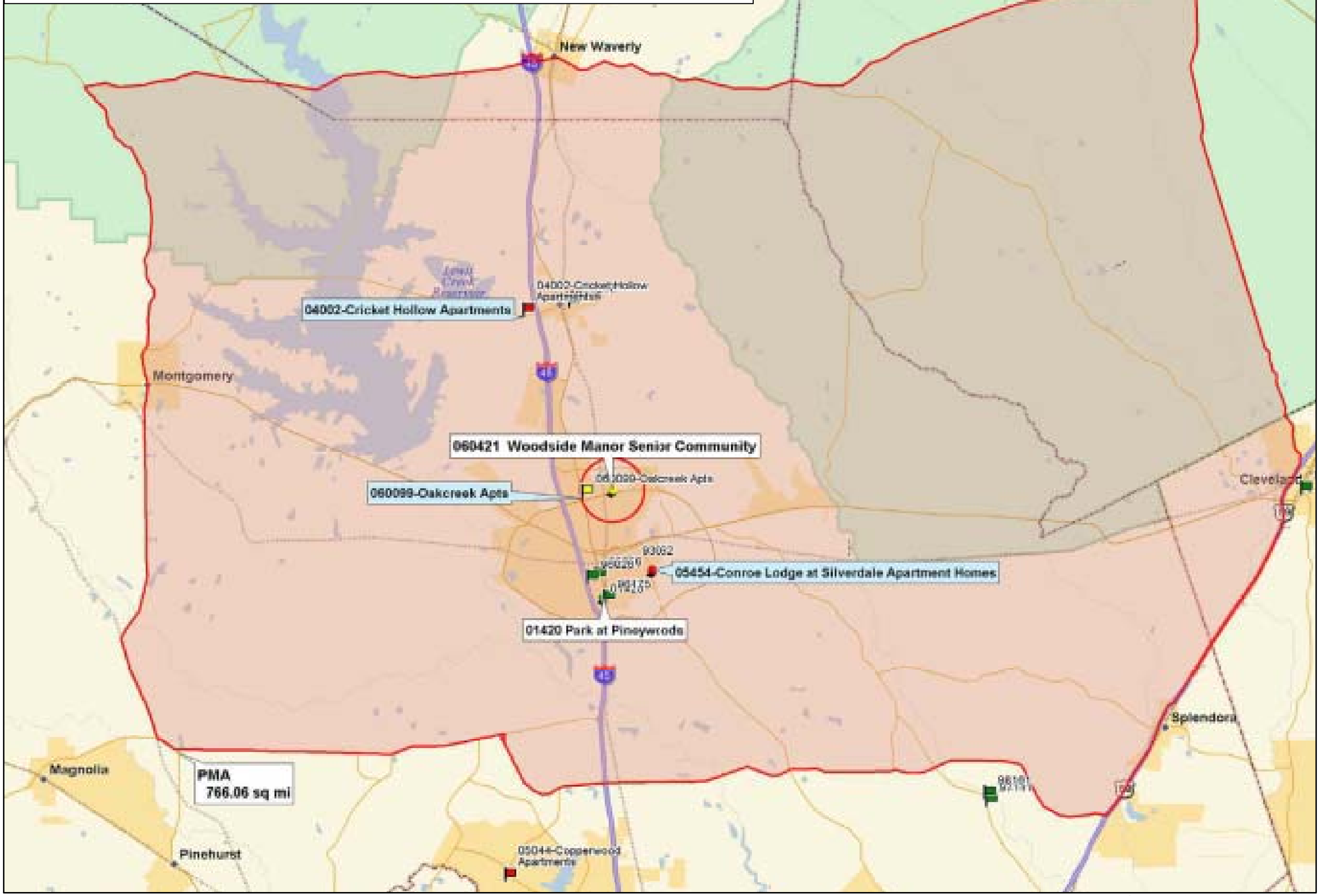
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,865,448	$1,921,411	$1,979,054	$2,038,425	$2,099,578	$2,433,987	$2,821,657	$3,271,074	$4,396,050
Secondary Income	71,752	73,905	76,122	78,406	80,758	93,621	108,532	125,818	169,089
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,937,200	1,995,316	2,055,176	2,116,831	2,180,336	2,527,607	2,930,189	3,396,893	4,565,140
Vacancy & Collection Loss	(145,290)	(149,649)	(154,138)	(158,762)	(163,525)	(189,571)	(219,764)	(254,767)	(342,385)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,791,910	$1,845,668	$1,901,038	$1,958,069	$2,016,811	$2,338,037	$2,710,425	$3,142,126	$4,222,754
EXPENSES at 4.00%									
General & Administrative	$76,911	$79,988	$83,187	$86,515	$89,975	$109,469	$133,185	$162,040	$239,859
Management	71,676	73,827	76,042	78,323	80,672	93,521	108,417	125,685	168,910
Payroll & Payroll Tax	181,587	188,851	196,405	204,261	212,431	258,455	314,450	382,577	566,307
Repairs & Maintenance	89,528	93,109	96,833	100,707	104,735	127,426	155,033	188,622	279,206
Utilities	81,222	84,471	87,850	91,364	95,018	115,604	140,650	171,123	253,303
Water, Sewer & Trash	72,327	75,220	78,229	81,358	84,613	102,944	125,248	152,383	225,564
Insurance	60,326	62,739	65,249	67,859	70,573	85,863	104,465	127,098	188,136
Property Tax	127,402	132,498	137,798	143,310	149,042	181,333	220,619	268,417	397,322
Reserve for Replacements	44,000	45,760	47,590	49,494	51,474	62,626	76,194	92,701	137,221
Other	21,700	22,568	23,471	24,410	25,386	30,886	37,577	45,719	67,675
TOTAL EXPENSES	$826,680	$859,031	$892,654	$927,599	$963,920	$1,168,127	$1,415,839	$1,716,364	$2,523,504
NET OPERATING INCOME	$965,230	$986,637	$1,008,384	$1,030,470	$1,052,891	$1,169,909	$1,294,586	$1,425,762	$1,699,251
DEBT SERVICE									
First Lien Financing	$877,439	$877,439	$877,439	$877,439	$877,439	$877,439	$877,439	$877,439	$877,439
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	$87,791	$109,198	$130,945	$153,030	$175,452	$292,470	$417,147	$548,323	$821,811
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.20	1.33	1.48	1.62	1.94

ALLOCATION ANALYSIS -Woodside Manor Senior Community, Conroe, 4% HTC, 06

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	$1,150,000	$1,150,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,647,500	$1,647,500	$1,647,500	$1,647,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,275,000	$8,751,134	$10,275,000	$8,751,134
(4) Contractor Fees & General Requirements				
Contractor overhead	$220,000	$207,973	$220,000	$207,973
Contractor profit	$680,000	$623,918	$680,000	$623,918
General requirements	$670,000	$623,918	$670,000	$623,918
(5) Contingencies	$600,000	$519,932	$596,125	$519,932
(6) Eligible Indirect Fees	$683,100	$683,100	$683,100	$683,100
(7) Eligible Financing Fees	$1,549,150	$1,549,150	$1,549,150	$1,549,150
(8) All Ineligible Costs	$742,850	$978,907		
(9) Developer Fees			$2,448,131	
Developer overhead	$725,000	$370,994		$370,994
Developer fee	$1,820,000	$1,820,000		$1,820,000
(10) Development Reserves	$300,000	$300,000		
TOTAL DEVELOPMENT COSTS	$21,062,600	$19,226,525	$18,769,006	$16,797,619

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		$18,769,006	$16,797,619
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$24,399,708	$21,836,904
Applicable Fraction		82%	82%
TOTAL QUALIFIED BASIS		$19,963,398	$17,866,558
Applicable Percentage		3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$722,675	$646,769
Syndication Proceeds	**0.9799**	**$7,081,535**	**$6,337,732**
Total Tax Credits (Eligible Basis Method)		**$722,675**	**$646,769**
Syndication Proceeds		**$7,081,535**	**$6,337,732**
Requested Tax Credits		**$716,232**	
Syndication Proceeds		**$7,018,400**	
Gap of Syndication Proceeds Needed			**$6,347,394**
Total Tax Credits (Gap Method)			**$647,755**

Woodside Manor Senior



TN
MN (3.8°E)

Scale 1 : 275,000
1" = 4.34 mi
Data Zoom 9-5

Applicant Evaluation

Project ID # **060421** Name: **OHC/Woodside** 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: 6

Projects grouped by score
- zero to nine: 5
- ten to nineteen: 1
- twenty to twenty-nine: 0

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

monitored with a score less than thirty: 6

not yet monitored or pending review: 9

in noncompliance: 0

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 7/28/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (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	M. Tynan	Reviewer	David Burrell
Date	7 /28/2006	Date	7 /27/2006	Date	7 /31/2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	8 /1 /2006	Date	8 /2 /2006	Date	8 /16/2006

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Costa Mirada.

Summary of the Transaction

The application was received on July 14, 2006. The Issuer for this transaction is San Antonio HFC. The development is to be located at 9005 Somerset Road in San Antonio. Demographics for the census tract include AMFI of $27,388; the total population is 2,838; the percent of population that is minority is 94.43%; the percent of population that is below the poverty line is 31.82%; the number of owner occupied units is 539; the number of renter units is 271 and the number of vacant units is 141. The percent of population that is minority for the entire City of San Antonio is 68% (Census information from FFIEC Geocoding for 2006). The development is new construction and will consist of 212 total units targeting the general population, with 211 affordable units and one market rate unit. The site is currently zoned for such a development. The Department has received no letters of support and no letters of opposition. The bond priority for this transaction is:

☒ **Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice of Housing Tax Credits for Costa Mirada.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION
August 30, 2006
Development Information, Public Input and Board Summary
Costa Mirada, Ltd., TDHCA Number 060422

BASIC DEVELOPMENT INFORMATION

Site Address:	9005 Somerset Rd.			Development #:	060422
City:	San Antonio	Region:	9	Population Served:	Family
County:	Bexar	Zip Code:	78211	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	NC
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 Mirada, Ltd.	
Owner Contact and Phone	Henry A. Alvarez, III	(210) 477-6042
Developer:	Las Varas Public Facility Corporation	
Housing General Contractor:	NRP Contractors LLC	
Architect:	Alamo Architect	
Market Analyst:	Apartment Market Data	
Syndicator:	MMA Financial LLC	
Supportive Services:	Merced Housing Texas	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	6	205	0	4	116	84	8	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	211
Market Rate Units:	1
Owner/Employee Units:	0
Total Development Units:	212
Total Development Cost:	$21,735,075
Number of Residential Buildings:	12
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$885,339	$885,339	0	0	0.00%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Costa Mirada, Ltd., TDHCA Number 060422

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Madla, District 19 NC

US Representative: Cuellar, District 28, NC

TX Representative: Leibowitz, District 117 NC

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 Cameron, Housing and Community Development Director, City of San Antonio - The number of units and purpose are consistent with the local consolidated plan.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

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

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance of a copy or draft of a PILOT agreement between the San Antonio Housing Authority (or affiliate) and the partnership.

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

August 30, 2006

Development Information, Public Input and Board Summary

Costa Mirada, Ltd., TDHCA Number 060422

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

4% Housing Tax Credits: Credit Amount: $885,339

Recommendation: Recommend approval of a Housing Tax Credit allocation not to exceed $885,339 annually for ten years, subject to conditions.

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 23, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060422

DEVELOPMENT NAME

Costa Mirada

APPLICANT

Name:	Costa Mirada, Ltd	**Contact:**	Henry A Alvarez, III
Address:	818 South Flores		
City	San Antonio	**State:**	TX **Zip:** 78204
Phone:	(210) 477-6042 **Fax:** (210) 477-6043	**Email:**	henry_alvarez@saha.org

KEY PARTICIPANTS

Name:	Costa Mirada GP, LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	Las Varas Public Facility Corp (Affiliate of the San Antonio Housing Authority)	**Title:**	100% Owner of the GP / Developer
Name:	Costa Mirada NRP, Ltd	**Title:**	0.01% Special Limited Partner of Applicant
Name:	NRP Costa Mirada, LLC	**Title:**	100% Owner of Costa Mirada NRP, Ltd
Name:	J Davis Heller	**Title:**	31.33% Managing Member of NRP Costa Mirada, LLC / 33.4% Owner of Co-Developer / Guarantor
Name:	T Richard Bailey, Jr	**Title:**	31.33% Managing Member of NRP Costa Mirada, LLC / 33.3% Owner of Co-Developer / Guarantor
Name:	Alan F Scott	**Title:**	31.33% Managing Member of NRP Costa Mirada, LLC / 33.3% Owner of Co-Developer / Guarantor
Name:	NRP Holdings LLC	**Title:**	Co-Developer

PROPERTY LOCATION

Location:	9005 Somerset Road		
City:	San Antonio	**Zip:**	78211
County:	Bexar	**Region:**	9

☒ **QCT** ☐ **DDA**

REQUEST

Program	**Amount**	**Interest Rate**	**Amortization**	**Term**
HTC	$885,339	N/A	N/A	N/A

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

Target Population: Family **Other:** Urban/Exurban, Nonprofit

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $885,339 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

1. Receipt, review, and acceptance of a copy or draft of a PILOT agreement between the San Antonio Housing Authority (or affiliate) and the partnership.
2. 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: 212 **# Res Bldgs** 12 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 236,736 **Av Un SF:** 1,117 **Common Area SF:** 3,517 **Gross Bldg SF:** 240,253

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on concrete slabs. According to the plans provided in the application the exterior will be 13% siding/shingle and 87% stucco. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet, resilient covering, and light concrete. Threshold criteria for the 2006 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 fan 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, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, controlled access gates, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a swimming pool, and a furnished and staffed children's activity center.

Uncovered Parking: 403 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Costa Mirada will be a 17.55-unit per acre new construction development located in southwest San Antonio. The development will be comprised of ten garden style and two townhome residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR	4BR
7	3		12	12	
2	3		12		
2	2				4
1	3	4			

The development will include a 3,517-square foot community building that is planned to have a fitness center, community room, business center, children's activity room, kitchen, and laundry facility.

SITE ISSUES

SITE DESCRIPTION

Total Size:	12.08 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	MF-33 / Multi-Family District	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The proposed site is an irregular-shaped, vacant parcel of land located on the 9000 block of Somerset Road, approximately 0.5 miles south of IH-35 and nine miles southwest of the central business district of San Antonio, Bexar County.

Adjacent Land Uses:

- **North:** a church immediately adjacent and a multifamily residential development and IH-35 beyond;
- **South:** vacant land immediately adjacent and vacant land beyond;
- **East:** Somerset Road immediately adjacent and vacant land and single-family residential beyond; and
- **West:** vacant land immediately adjacent and vacant land beyond.

Site Access: Primary access to the site will be from north or south bound on Somerset Road. In addition, the siteplan indicates a secondary exit to Somerset Road.

Public Transportation: Public transportation to the area is provided by VIA Metropolitan Transit and the nearest linkage is 0.5 miles from the subject site.

Shopping & Services: A major supermarket, other retail facilities and restaurants, public schools, a public park and other public services, and a medical complex are each located within two miles of the site.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 7/31/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 9, 2006 was prepared by ECS – Texas, LLP and contained the following findings and recommendations:

Findings:

- **Noise:** "The subject property was not identified as being located within 5 blocks of a railroad, highway, airport, or airport flight path; therefore a noise study does not appear to be warranted for the site at this time."
- **Floodplain:** "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel Number 4854640604E, February 16, 2005, the subject property was located in Zone X, which was defined as 'areas outside the 100-year floodplain.'"
- **Asbestos-Containing Materials (ACM):** "The subject property was undeveloped."
- **Lead-Based Paint (LBP):** "The subject property was undeveloped."
- **Lead in Drinking Water:** "The subject property was undeveloped."
- **Radon:** "Radon is a naturally occurring gaseous substance resulting from the radioactive decay of uranium to radium and then to radon. Uranium is a common element found in many geologic formations and substrates, particularly igneous and metamorphic rocks. Radon has a half-life of only 3.8 days and decays to its daughter elements (polonium 218, polonium 214, bismuth 214 and lead 214). It is these daughter elements which represent the health hazard commonly associated with radon. According to the EDR Radius Map with GeoCheck report, Bexar County has a mean average radon concentration of 1.1 pico curies per liter (pCi/L), with a maximum of 6.1 pCi/L. The site-specific area was evaluated in an EPA / State Residential Survey and a National Residential Radon Survey conducted in zip code 78211. The site is located in EPA Radon Zone 3, where data from 2 test sites showed an average of 0.550 pCi/L, which is below the U.S. EPA action level of 4.0 pCi/L. Therefore, radon was not considered to pose an environmental concern in connection with the subject property."

Recommendations: "This assessment has revealed no evidence of recognized environmental conditions of concern in connection with the subject property. No further investigation is warranted at this time."

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Six of the units (3%) will be reserved for households earning 50% or less of AMI, 205 units (97%) will be reserved for households earning 60% or less of AMI, and the remaining unit will be offered at market rent.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$22,320	$25,500	$28,680	$31,860	$34,380	$36,960

MARKET HIGHLIGHTS

A market feasibility study dated March 16, 2006 was prepared by Apartment MarketData ("Market Analyst") and included the following findings:

Secondary Market Information: The Market Analyst did not include a secondary market area.

Definition of Primary Market Area (PMA): The Market Analyst indicates a custom market area with the following boundaries: Highway 90 to the north; Pleasanton Road to the east; Loop 410 to the south; and Quintana Road to the west. This area encompasses approximately 24.6 square miles and is equivalent to a circle with a radius of 2.8 miles.

Population: The estimated 2005 population of the PMA was 93,938 and is expected to increase by 4.5% (0.9% annually) to approximately 98,184 by 2010. Within the primary market area there were estimated to be 27,266 households in 2005.

Total Market Demand: The Market Analyst utilized a household size-appropriate adjustment rate of 95.39% (p. 51). The Analyst's income band of $17,074 to $36,960 and income specific renter percentages result in an income eligible, tenure appropriate adjustment rate of 16.16% (p. 49). The Market Analyst indicates a turnover rate of 74.9% applies based on IREM data (p. 50).

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	28	1%	36	1%
Resident Turnover	3,174	99%	3,199	99%
TOTAL DEMAND	**3,202**	**100%**	**3,234**	**100%**

p. 53

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 14.5% based upon 3,202 units of demand and 464 unstabilized affordable housing in the PMA (including the subject) (p. 52). The Underwriter calculated an inclusive capture rate of 14.3% based upon a revised supply of 463 unstabilized comparable affordable units divided by a revised demand estimate for 3,234 affordable units.

Unit Mix Conclusion: "Based on 1) the number of persons per household who we view as the renter population profile, specifically that of the renter household market, and 2) our experience of the percentage of apartment units in demand based on household size, multiplied by the percentage of total sub-market household size, we have determined that a mirror image of the demography would contain 35.3% one bedrooms, 38.5% two bedrooms, 19.0% three bedrooms, and 7.2% four bedrooms. From our above analysis, we conclude that the unit mix of the subject will vary from the demographic make-up of the Primary Market Area" (p. 93). "Because of the physical, economic, and functional characteristics of the PAB and LIHTC programs, it is logical that some variation will exist from market demographic characteristics to the actual physical project. It is our opinion, given current occupancies and the forecasted household growth, that the subject unit mix, for all purposes, will meet the needs of lower and median income families within the sub-market" (p. 94).

Market Rent Comparables: The Market Analyst surveyed five comparable market rate multifamily developments in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (50%)	$422	$409	$13	$740	-$318
1-Bedroom (60%)	$521	$508	$13	$740	-$219
2-Bedroom (50%)	$507	$488	$19	$770	-$263
2-Bedroom (60%)	$627	$608	$19	$770	-$143
2-Bedroom (60%)	$607	$608	-$1	$770	-$163
2-Bedroom (MR)	$717	N/A		$770	-$53
3-Bedroom (50%)	$581	$549	$32	$910	-$329
3-Bedroom (60%)	$719	$687	$32	$910	-$191
3-Bedroom (60%)	$687	$687	$0	$910	-$223
4-Bedroom (60%)	$794	$715	$79	$1,125	-$331
4-Bedroom (60%)	$714	$715	-$1	$1,125	-$411

(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 rate for the income restricted one bedrooms is 100%, for income restricted two bedrooms it is 98.7%, for the income restricted three bedroom units is 98.4%, for the income restricted four bedroom units is 92.9%, and the overall average occupancy for income restricted units is 98.1%” (p. 14). “Today, the PMA is 96.2% occupied overall. Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject’s units” (p. 11).

Absorption Projections: “Absorption over the previous sixteen years for all unit types is estimated to be 65 units per year. We expect this to continue as the number of new household continues to grow, and as additional rental units become available” (p. 11).

Unstabilized, Under Construction, and Planned Development: The Market Analyst indicates one proposed comparable affordable development in the PMA. Artisan at Military (#060409) is planned to have 252 affordable one, two, and three bedroom units. The development was recommended for a tax credit allocation under the 4% HTC program in 2006. Additionally, an elderly development, The Alhambra (#05160), is located within the PMA but will not affect the capture rate.

Market Impact: The Market Analyst did not directly address the potential market impact of the subject development.

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 projected rents collected for each affordable unit were calculated by subtracting either tenant-paid utility allowances as of June 1, 2006, maintained by the San Antonio Housing Authority (SAHA) or utility allowances provided by a third-party and review by the utility providers, from the 2006 program gross rent limits. Through correspondence with the Underwriter, the Applicant explained that one-third of the utility allowances reflected in the rent schedule are based on the allowances provided by the San Antonio Housing Authority and two-thirds are based on information provided by Diamond Property Consultants. The Applicant provided signed letters from the utility providers indicating that the utility allowances provided by Diamond Property Consultants were reviewed by the provider and apply to the proposed development. The Underwriter has determined that the Applicant has provided sufficient documentation for the alternate utility allowances; therefore, the Underwriter has used the utility allowances provided by Diamond Property Consultants and reviewed by the utility providers. However, the Underwriter has applied these allowances to all of the proposed units. The Applicant did not provide sufficient evidence that the application of the SAHA utility allowances to one-third of the units is reasonable. Tenants will be required to pay electric, natural gas, water, and sewer costs. Due to the differences noted above, the Underwriter’s income estimate is $29K or 2% higher than the Applicant’s estimate, but still within the Department’s guideline. Additionally, the Applicant’s estimates of secondary income and vacancy and collection loss are each within the Department's guidelines.

Expenses: The Applicant's total annual operating expense projection at $3,279 per unit is within 5% of the Underwriter's estimate of $3,378, derived from the TDHCA database and third-party data sources. However, a number of the Applicant's expense estimates differ significantly from the Underwriter's estimates, including: general and administrative ($26K or 33% lower); utilities ($14K or 47% higher) and water, sewer, and trash ($18K or 38% lower). Additionally, the Applicant understated compliance fees.

The Underwriter is assuming the 100% property tax exemption proposed by the Applicant, which will be achieved through a ground lease between Las Varas Public Facility Corporation (an affiliate of the SAHA) and the partnership. A draft of the ground lease was provided by the Applicant and indicates a term of 75 years for an annual rent payment of $100. In addition, the Applicant has indicated that a PILOT agreement between the SAHA and the partnership will result in an annual payment of $200 per unit ($42K annually) in lieu of taxes. However, the Applicant did not provide a copy or draft of the PILOT agreement confirming this annual payment. Therefore, receipt, review, and acceptance of a copy or draft of a PILOT agreement between the San Antonio Housing Authority (or affiliate) and the partnership is a condition of this report.

Due to the difference between the Applicant's and Underwriter's expenses, the Applicant submitted 2006 income statements for two similar developments in San Antonio. However, the statements included forecasts for the remaining portion of the 2006 year. Therefore, the Underwriter found the evidence insufficient upon which to base the subject proforma expenses. In addition, the Underwriter gathered the 2005 Owner's Financial Certifications for each development, but each appears to have been unstabilized during the 2005 year. Therefore, the financial certifications only provided limited usable information. The Applicant stated that no other comparable NRP Group developments were stabilized for the full 2005 year and could not provide other evidence to justify the cost differences.

Conclusion: The Applicant's estimates of effective gross income, operating expenses, and net operating income are each within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma will be used to determine the development's debt coverage ratio (DCR) and debt capacity. The Applicant's proforma and estimated debt service result in a DCR within the current underwriting guideline of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 19.205 acres	$61,630	**Assessment for the Year of:**	2006
1 acre:	$3,209	**Valuation by:**	Bexar County Appraisal District
Site: 12.08 acres	$38,765	**Tax Rate:**	3.117074

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and Sale Contract (+/-12 acres)		
Contract Expiration:	10/17/2006	**Valid through Board Date?**	☐ Yes ☐ No
Acquisition Cost:	$950,000	**Other:**	
Seller:	Glenn W Lynch, Trustee	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $78,642 per acre or $4,481 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $57,821 for a sidewalk, a storm drain, and a deceleration line and provided sufficient third party certification from a professional engineer to justify these costs.

Sitework Cost: The Applicant's revised sitework costs of $7,373 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's revised direct construction cost estimate is $411K or 4% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by $440,788; therefore, the eligible portion of the Applicant's developer fee must be reduced by the same amount.

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 $19,191,292 supports annual tax credits of $898,882. 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:** Miles M Hapgood

Tax-Exempt: $11,169,000 **Interest Rate:** 6.2%, fixed, lender's estimate **Amort:** 480 months

Documentation: ☒ Signed ☒ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

TAX CREDIT SYNDICATION

Source: MMA Financial **Contact:** Miles M Hapgood

Proceeds: $8,586,076 **Net Syndication Rate:** 97% **Anticipated HTC:** $885,339/year

Documentation: ☒ Signed ☒ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $1,979,999 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The Applicant anticipates receiving Priority 3 tax-exempt private activity bonds that are to be issued by the San Antonio Housing Finance Corporation and purchased by MMA Financial. The bond financing term sheet from MMA Financial is consistent with the terms reflected in the sources and uses of funds portion of the application.

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

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,979,999 amount to 67% of the total fees, as listed in the application.

Financing Conclusions: The Applicant's total development cost estimate less the permanent financing of $11,169,000 indicates the need for $10,566,075 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,089,503 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($885,339), the gap-driven amount ($1,089,503), and eligible basis-derived estimate ($898,882), the Applicant's request of $885,339 is recommended resulting in proceeds of $8,586,076 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $1,979,999 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, Co-Developer, General Contractor, and property manager 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.
- The 100% owner of the GP, Las Varas Public Facility Corp, has no material financial statements. Las Varas is an affiliate of the Housing Authority of the City of San Antonio (SAHA); therefore, the Department requested the financial statements for SAHA. SAHA submitted an unaudited financial statement as of May 31, 2006 reporting total assets of $299M and consisting of $32K in cash and cash equivalents, $11K in restricted assets, $236M in capital assets, and $19K in other non current assets. Liabilities totaled $66K, resulting in net assets of $233K.
- The anticipated guarantors of the development, J Davis Heller, T Richard Bailey, Jr and Alan F Scott, submitted unaudited financial statements as of February 24, 2006, July 5, 2006 and July 6, 2006 respectively.

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 anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Cameron Dorsey*	**Date:**	August 23, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Costa Mirada, San Antonio, 4% HTC, #060422

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 50%	2	1	1	1,004	$498	$428	$856	$0.43	$70.00	$11.70
TC 60%	2	1	1	1,004	597	527	1,054	0.52	70.00	11.70
TC 50%	2	2	2	1,004	597	511	1,022	0.51	86.00	11.70
TC 60%	113	2	2	1,004	717	631	71,303	0.63	86.00	11.70
MR	1	2	2	1,004		717	717	0.71	86.00	11.70
TC 50%	2	3	2	1,234	690	586	1,172	0.47	104.00	11.70
TC 60%	82	3	2	1,234	828	724	59,368	0.59	104.00	11.70
TC 60%	8	4	2	1,575	924	801	6,408	0.51	123.00	11.70
TOTAL:	212		AVERAGE:	1,117	$760	$669	$141,900	$0.60	$94.23	$11.70

INCOME	Total Net Rentable Sq Ft: 236,736			TDHCA	APPLICANT		Comptroller's Region	9
POTENTIAL GROSS RENT				$1,702,800	$1,671,120		IREM Region	San Antonio
Secondary Income		Per Unit Per Month:	$7.50	19,080	19,080	$7.50	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,721,880	$1,690,200			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(129,141)	(126,768)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$1,592,739	$1,563,432			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.98%	$374	0.33	$79,288	$53,000	$0.22	$250	3.39%
Management		4.54%	341	0.31	72,293	78,243	0.33	369	5.00%
Payroll & Payroll Tax		12.99%	976	0.87	$206,912	196,100	0.83	925	12.54%
Repairs & Maintenance		6.23%	468	0.42	99,216	116,600	0.49	550	7.46%
Utilities		1.92%	144	0.13	30,557	45,000	0.19	212	2.88%
Water, Sewer, & Trash		2.96%	222	0.20	47,150	29,200	0.12	138	1.87%
Property Insurance		4.16%	313	0.28	66,286	63,600	0.27	300	4.07%
Property Tax	3.117074	2.66%	200	0.18	42,400	42,400	0.18	200	2.71%
Reserve for Replacements		2.66%	200	0.18	42,400	42,400	0.18	200	2.71%
Other: compl fees		1.86%	140	0.13	29,680	28,620	0.12	135	1.83%
TOTAL EXPENSES		44.97%	$3,378	$3.03	$716,182	$695,163	$2.94	$3,279	44.46%
NET OPERATING INC		55.03%	$4,135	$3.70	$876,557	$868,269	$3.67	$4,096	55.54%
DEBT SERVICE									
MMA Financial Loan		47.48%	$3,567	$3.19	$756,211	$756,211	$3.19	$3,567	48.37%
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		7.56%	$568	$0.51	$120,346	$112,058	$0.47	$529	7.17%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.15			
RECOMMENDED DEBT COVERAGE RATIO						1.15			

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)		4.58%	$4,481	$4.01	$950,000	$950,000	$4.01	$4,481	4.37%
Off-Sites		0.28%	273	0.24	57,821	57,821	0.24	273	0.27%
Sitework		7.53%	7,373	6.60	1,563,076	1,563,076	6.60	7,373	7.19%
Direct Construction		50.88%	49,816	44.61	10,561,075	10,971,695	46.35	51,753	50.48%
Contingency	3.57%	2.08%	2,040	1.83	432,480	432,480	1.83	2,040	1.99%
General Req'ts	6.00%	3.50%	3,431	3.07	727,449	752,000	3.18	3,547	3.46%
Contractor's G & A	2.00%	1.17%	1,144	1.02	242,483	250,000	1.06	1,179	1.15%
Contractor's Profit	6.00%	3.50%	3,431	3.07	727,449	752,000	3.18	3,547	3.46%
Indirect Construction		5.90%	5,776	5.17	1,224,408	1,224,408	5.17	5,776	5.63%
Ineligible Costs		4.22%	4,128	3.70	875,174	875,174	3.70	4,128	4.03%
Developer's G & A	2.00%	1.56%	1,530	1.37	324,417	0	0.00	0	0.00%
Developer's Profit	13.00%	10.16%	9,947	8.91	2,108,709	2,944,000	12.44	13,887	13.54%
Interim Financing		3.58%	3,502	3.14	742,421	742,421	3.14	3,502	3.42%
Reserves		1.07%	1,044	0.93	221,337	220,000	0.93	1,038	1.01%
TOTAL COST		100.00%	$97,917	$87.69	$20,758,299	$21,735,075	$91.81	$102,524	100.00%
Construction Cost Recap		*68.67%*	***$67,236***	***$60.21***	***$14,254,012***	***$14,721,251***	***$62.18***	***$69,440***	*67.73%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
MMA Financial Loan	53.80%	$52,684	$47.18	$11,169,000	$11,169,000	$11,169,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$2,503,212
MMA Financial Syndication	41.36%	$40,500	$36.27	8,586,076	8,586,076	8,586,076	% of Dev. Fee Deferred
Deferred Developer Fees	9.54%	$9,340	$8.36	1,979,999	1,979,999	1,979,999	79%
Additional (Excess) Funds Req'd	-4.71%	($4,607)	($4.13)	(976,776)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$20,758,299	$21,735,075	$21,735,075	$3,819,490

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Costa Mirada, San Antonio, 4% HTC, #060422

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.34	$11,443,964
Adjustments				
Exterior Wall Finish			$0.00	$0
9-Ft. Ceilings	3.00%		1.45	343,319
Fire Sprinklers			1.95	461,635
Subfloor			(0.75)	(177,433)
Floor Cover			2.25	532,988
Porches/Balconies	$20.63	19,324	1.68	398,580
Fixtures	$687	608	1.76	417,809
Built-In Appliances	$1,695	212	1.52	359,300
Stairs	$1,650	68	0.47	112,200
Enclosed Corridors	$38.42		0.00	0
Heating/Cooling			1.76	415,475
Rough Ins	$340	204	0.29	69,360
Comm &/or Aux Bldgs	$65.99	3,517	0.98	232,069
Other:			0.00	0
SUBTOTAL			61.71	14,609,266
Current Cost Multiplier	1.04		2.47	584,371
Local Multiplier	0.85		(9.26)	(2,191,390)
TOTAL DIRECT CONSTRUCTION COSTS			$54.92	$13,002,247
Plans, specs, survy, bld prm	3.90%		($2.14)	($507,088)
Interim Construction Interes	3.38%		(1.85)	(438,826)
Contractor's OH & Profit	11.50%		(6.32)	(1,495,258)
NET DIRECT CONSTRUCTION COSTS			$44.61	$10,561,075

PAYMENT COMPUTATION

Primary	$11,169,000	Amort	480
Int Rate	6.20%	DCR	1.16

Secondary		Amort	
Int Rate		Subtotal DCR	1.16

Additional		Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$756,211
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$112,058

Primary	$11,169,000	Amort	480
Int Rate	6.20%	DCR	1.15

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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

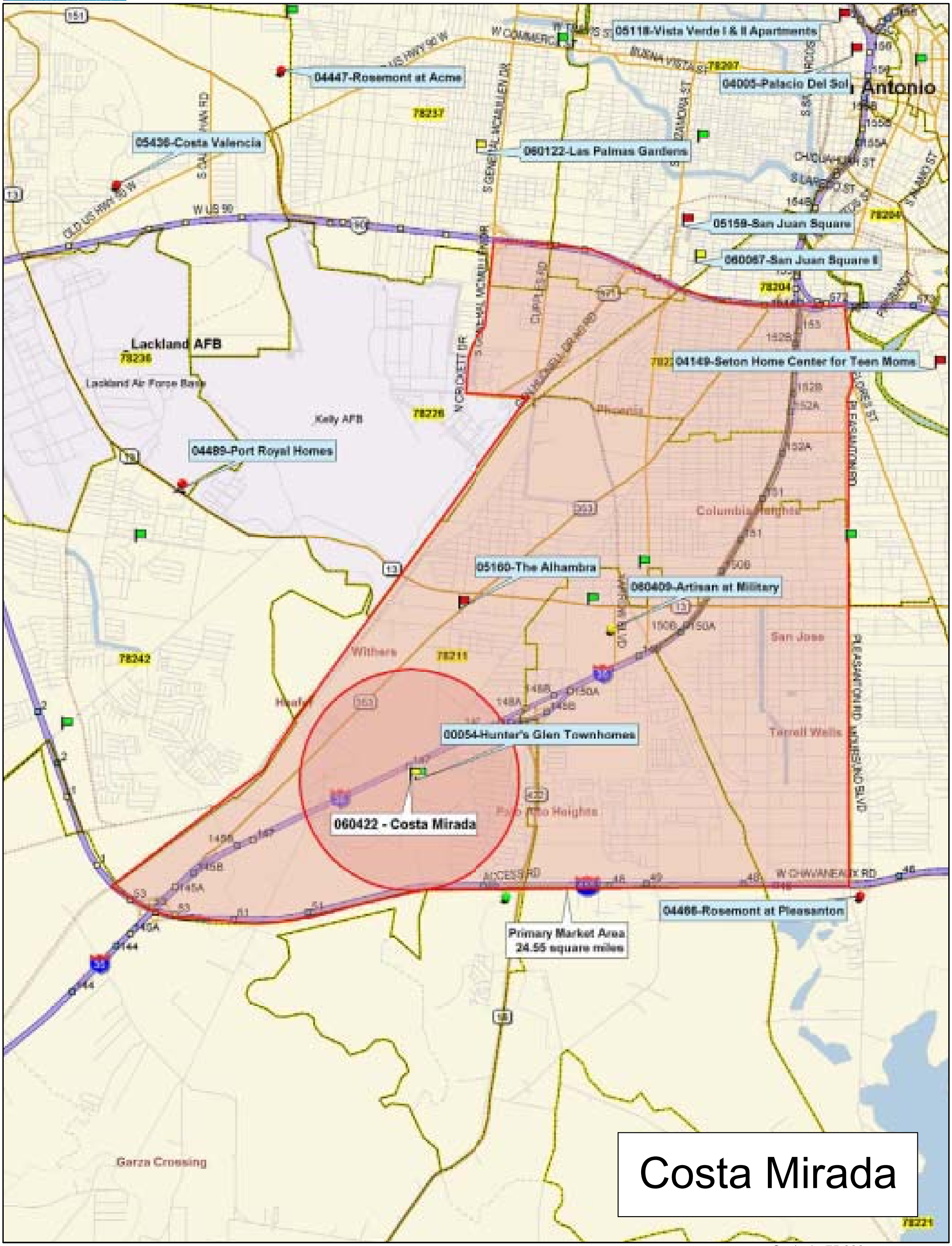
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,671,120	$1,721,254	$1,772,891	$1,826,078	$1,880,860	$2,180,433	$2,527,719	$2,930,319	$3,938,104
Secondary Income	19,080	19,652	20,242	20,849	21,475	24,895	28,860	33,457	44,963
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,690,200	1,740,906	1,793,133	1,846,927	1,902,335	2,205,328	2,556,579	2,963,776	3,983,067
Vacancy & Collection Loss	(126,768)	(130,568)	(134,485)	(138,520)	(142,675)	(165,400)	(191,743)	(222,283)	(298,730)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,563,432	$1,610,338	$1,658,648	$1,708,408	$1,759,660	$2,039,928	$2,364,836	$2,741,493	$3,684,337
EXPENSES at 4.00%									
General & Administrative	$53,000	$55,120	$57,325	$59,618	$62,003	$75,436	$91,779	$111,663	$165,289
Management	78,243	80590.4446	83008.15798	85498.40272	88063.3548	102089.5641	118349.7849	137199.8374	184385.1087
Payroll & Payroll Tax	196,100	203,944	212,102	220,586	229,409	279,111	339,582	413,153	611,568
Repairs & Maintenance	116,600	121,264	126,115	131,159	136,406	165,958	201,913	245,659	363,635
Utilities	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Water, Sewer & Trash	29,200	30,368	31,583	32,846	34,160	41,561	50,565	61,520	91,065
Insurance	63,600	66,144	68,790	71,541	74,403	90,523	110,135	133,996	198,346
Property Tax	42,400	44,096	45,860	47,694	49,602	60,348	73,423	89,330	132,231
Reserve for Replacements	42,400	44,096	45,860	47,694	49,602	60,348	73,423	89,330	132,231
Other	28,620	29,765	30,955	32,194	33,481	40,735	49,561	60,298	89,256
TOTAL EXPENSES	$695,163	$722,187	$750,269	$779,450	$809,772	$980,159	$1,186,656	$1,436,957	$2,108,344
NET OPERATING INCOME	$868,269	$888,151	$908,379	$928,958	$949,887	$1,059,769	$1,178,180	$1,304,536	$1,575,993
DEBT SERVICE									
First Lien Financing	$756,211	$756,211	$756,211	$756,211	$756,211	$756,211	$756,211	$756,211	$756,211
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	$112,058	$131,940	$152,168	$172,747	$193,676	$303,558	$421,969	$548,324	$819,782
DEBT COVERAGE RATIO	1.15	1.17	1.20	1.23	1.26	1.40	1.56	1.73	2.08

HTC ALLOCATION ANALYSIS -Costa Mirada, San Antonio, 4% HTC, #060422

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	$950,000	$950,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,563,076	$1,563,076	$1,563,076	$1,563,076
Off-site improvements	$57,821	$57,821		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,971,695	$10,561,075	$10,971,695	$10,561,075
(4) Contractor Fees & General Requirements				
Contractor overhead	$250,000	$242,483	$250,000	$242,483
Contractor profit	$752,000	$727,449	$752,000	$727,449
General requirements	$752,000	$727,449	$752,000	$727,449
(5) Contingencies	$432,480	$432,480	$432,480	$432,480
(6) Eligible Indirect Fees	$1,224,408	$1,224,408	$1,224,408	$1,224,408
(7) Eligible Financing Fees	$742,421	$742,421	$742,421	$742,421
(8) All Ineligible Costs	$875,174	$875,174		
(9) Developer Fees			$2,503,212	
Developer overhead		$324,417		$324,417
Developer fee	$2,944,000	$2,108,709		$2,108,709
(10) Development Reserves	$220,000	$221,337		
TOTAL DEVELOPMENT COSTS	$21,735,075	$20,758,299	$19,191,292	$18,653,968

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		$19,191,292	$18,653,968
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$24,948,680	$24,250,158
Applicable Fraction		99.53%	99.53%
TOTAL QUALIFIED BASIS		$24,830,997	$24,135,770
Applicable Percentage		3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$898,882	$873,715
Syndication Proceeds	**0.9698**	**$8,717,418**	**$8,473,345**

Total Tax Credits (Eligible Basis Method)	**$898,882**	**$873,715**
Syndication Proceeds	**$8,717,418**	**$8,473,345**
Requested Tax Credits	**$885,339**	
Syndication Proceeds	**$8,586,076**	
Gap of Syndication Proceeds Needed	**$10,566,075**	
Total Tax Credits (Gap Method)	**$1,089,503**	



TN
MN (5.6°E)

Scale 1 : 75,000

1" = 1.18 mi
Data Zoom 11-4

Applicant Evaluation

Project ID # **060422** Name: **Costa Mirada** 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: 8

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

in noncompliance: 0

Projects grouped by score:
- zero to nine: 8
- ten to nineteen: 0
- twenty to twenty-nine: 0

monitored with a score less than thirty: 8

not yet monitored or pending review: 13

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 7/28/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (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	M. Tynan	Reviewer	David Burrell
Date	7 /28/2006	Date	7 /27/2006	Date	7 /31/2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	8 /1 /2006	Date	8 /2 /2006	Date	8 /1 /2006

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Village Creek Apartments.

Summary of the Transaction

The application was received on May 31, 2006. The Issuer for this transaction is Tarrant County HFC. The development is to be located at approximately 5151 Mansfield Highway in Fort Worth. Demographics for the census tract include AMFI of $33,670; the total population is 3,549; the percent of population that is minority is 56.78%; the percent of population that is below the poverty line is 24.76%; the number of owner occupied units is 663; the number of renter units is 612 and the number of vacant units is 342. The percent of population that is minority for the entire City of Fort Worth is 53% (Census information from FFIEC Geocoding for 2006). The development is new construction and will consist of 252 total units targeting the general population, with all affordable. The site is currently zoned for such a development. The Department has received no letters of support and no letters of opposition. The bond priority for this transaction is:

☒ **Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI
(MUST receive 4% Housing Tax Credits)

Recommendation

Staff recommends that the Board approve the issuance of a Determination Notice of Housing Tax Credits for Village Creek Apartments.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Village Creek, TDHCA Number 060415

BASIC DEVELOPMENT INFORMATION

Site Address:	Apprx. 5151 Mansfield Highway			Development #:	060415
City:	Fort Worth	Region:	3	Population Served:	Family
County:	Tarrant	Zip Code:	76119	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General	Purpose/Activity:	NC
Bond Issuer:	Tarrant County 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:	One Village Creek, LP	
Owner Contact and Phone	Will Thorne	(469) 212-0635
Developer:	One Prime, L.P.	
Housing General Contractor:	TBD	
Architect:	RPGA Design Group	
Market Analyst:	Butler Burgher, Inc.	
Syndicator:	MMA Financial	
Supportive Services:	Common Threads, Inc.	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	252	0	72	132	48	0	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	252
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	252
Total Development Cost:	$24,366,762
Number of Residential Buildings:	12
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$932,493	$932,493	0	0	0.00%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0.00%
HOME Activity Fund Amount:	$0	$0	0	0	0.00%
HOME CHDO Operating Grant Amount:	$0	$0			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 30, 2006

Development Information, Public Input and Board Summary

Village Creek, TDHCA Number 060415

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Brimer, District 10 NC

TX Representative: Veasey, District 95 NC

US Representative: Burgess, District 26, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Mike Moncrief, Mayor, City of Fort Worth - NC

Resolution of Support from Local Government ☐

Dale A. Fisseler, Asst. City Manager, City of Fort Worth - The planned development is consistent with the City of Fort Worth's Consolidated Plan.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

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

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all 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 such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review , and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out and receipt, review and acceptance of documentation from QORE, Inc. indicating an opinion on whether a noise study is recommended.

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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION
August 30, 2006
Development Information, Public Input and Board Summary
Village Creek, TDHCA Number 060415

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

4% Housing Tax Credits: Credit Amount: $932,493

Recommendation: **Recommend approval of a Housing Tax Credit allocation not to exceed $932,493 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $0

Recommendation:

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 23, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060415

DEVELOPMENT NAME

Village Creek Apartments

APPLICANT

Name:	One Village Creek, LP		**Contact:**	Will Thorne	
Address:	832 S. Carrier Parkway, Suite 100				
City	Grand Prairie		**State:**	TX	**Zip:** 75051
Phone:	(469) 212-0635	**Fax:** (469) 519-0344	**Email:**	wthorne@oneprimelp.com	

KEY PARTICIPANTS

Name:	OPLP Village Creek, Inc.	**Title:**	0.01% Managing General Partner of Applicant
Name:	One Prime, LP	**Title:**	Developer
Name:	Hal T Thorne	**Title:**	Sole shareholder of MGP and Developer

PROPERTY LOCATION

Location:	Approximately 5151 Mansfield Highway			
City:	Fort Worth			**Zip:** 76119
County:	Tarrant	**Region:**	3	☒ **QCT** ☐ **DDA**

REQUEST

Program	**Amount**	**Interest Rate**	**Amortization**	**Term**
HTC	$932,493	N/A	N/A	N/A

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

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $932,493 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out and receipt, review and acceptance of documentation from QORE, Inc. indicating an opinion on whether a noise study is recommended.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 252 **# Res Bldgs** 12 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 238,456 **Av Un SF:** 946 **Common Area SF:** 5,462 **Gross Bldg SF:** 243,918

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 52.6% masonry veneer, 10.6% cement fiber, 20% stucco, and 16.8% stone. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be 90% carpet and 10% resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave, an ice maker in the refrigerator, a self-cleaning oven, laundry connections, a ceiling fixture in each room, an individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide an accessible walking path, a barbecue or picnic table for every 50 units, community laundry room, controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, secured entry to the residential buildings, a service coordinators office in addition to the leasing offices, a swimming pool, a furnished and staffed children's activity center, and a sport court.

Uncovered Parking: 394 spaces **Carports:** 80 spaces **Garages:** 30 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a 13-unit per acre new construction development located in Fort Worth. The development is comprised of 12 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
4	3	18	0	0
4	3	0	24	0
2	3	0	18	0
2	3	0	0	24

The development will include a 5,462 square foot combined community, office, laundry, mail, and maintenance building.

SITE ISSUES

SITE DESCRIPTION

Total Size: 18.98 acres **Scattered sites?** ☐ Yes ☒ No

Flood Zone: Zone X **Within 100-year floodplain?** ☐ Yes ☒ No

Current Zoning: C – Medium Density Multifamily **Needs to be re-zoned?** ☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at approximately 5151 Mansfield Highway, Fort Worth in Tarrant County. Fort Worth is approximately 33 miles west of downtown Dallas and approximately 188 miles north of Austin.

Adjacent Land Uses:

- **North:** Collett Little Road immediately adjacent and residential uses beyond;
- **South:** Mansfield Highway immediately adjacent and commercial and residential uses beyond;
- **East:** Vacant land immediately adjacent and IH 20, Loop 820 and commercial uses beyond; and
- **West:** Commercial and residential uses immediately adjacent and beyond.

Site Access: According to the Market Analyst, "The site fronts the north side of Mansfield Highway, a four-lane, primary street which connects with Loop 820 to the southeast. Additionally, the site has frontage along the south side of Collett-Little Road with one curb cut planned from this secondary street. The site has average visibility and access with the main entry planned via one curb cut along Mansfield Highway and secondary entry/exit from Collett-Little Road" (p.58).

Public Transportation: According to the Market Analyst, "The Fort Worth Transportation Authority, 'The Fort Worth T', provides public transportation through Fort Worth with train service through the Mid-Cities to Dallas CBD. The Trinity Railway Express system currently extends from the Dallas CBD westward through Irving with stops just south of D/FW Airport and on to Richland Hills. This train stops in Fort Worth at the new intermodal facility, which was recently completed on the east side of the Fort Worth CBD. Bus service is available in the PMA" (p.56).

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

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 6/12/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 9, 2006 was prepared by QORE, Inc. and contained the following findings and recommendations:

Findings:

- **Noise:** In response to a deficiency request regarding noise the Applicant submitted a HUD 4128 report with noise calculations dated March 9, 2006 for the subject. The report indicates a final site evaluation for roadway, aircraft, and railway noise to be normally unacceptable. Receipt, review and acceptance of documentation from QORE, Inc. indicating an opinion on whether a noise study is recommended is a condition of this report.
- **Floodplain:** "According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM), Tarrant County, Texas, Community Panel Number 48439C0440J dated August 23, 2000, the subject property is located in Zone X, unshaded. The unshaded Zone X represents an area of minimal flooding" (p.22).
- **Asbestos-Containing Materials (ACM):** Per a letter dated July 28, 2006 from QORE, Inc., "The subject property was improved with a pro-shop and a maintenance building located on the southwestern portion of the subject property. The pro-shop and maintenance building were reportedly constructed in 1993 and contain approximately 2,400 and 1,250 square feet of space, respectively. During QORE's site visit, the maintenance building was observed with metal walls and roof and the floor was dirt/gravel. No suspect ACMs were noted in the maintenance building. Suspect ACMs observed in the pro-shop included ceiling systems (dropped-in ceiling tiles), wall systems, carpet mastic, covebase, and covebase mastic. QORE noted these materials to be in good condition with no evidence of significant damage. Based on the 1993 construction date of the pro-shop and observed conditions of the suspect ACMs, asbestos was not considered to present a *business environmental risk* to the subject property. However, ACM is regulated in Texas by the Texas Department of State Health Services (DSHS) under the Texas Health Protection Rules (TAHPR). The TAHPR rules require that, prior to renovation or demolition, the building owner

perform a thorough survey to rebut the designation of building materials as asbestos-containing building materials. Texas does not recognize a "built after" date when buildings may be assumed to not contain asbestos."

- **Lead-Based Paint (LBP):** Per a letter dated July 28, 2006 from QORE, Inc., "Based upon the post-1978 construction date of the on-site improvements and relatively good physical condition of painted surfaces, a survey for lead-based-paint was not indicated and was not conducted. Lead-based paint does not appear to currently present a *business environmental risk* to the subject property."
- **Lead in Drinking Water:** Per conversations with Bryant Scogin of KeyBank and Brit Blaylock of QORE, Inc., no site specific testing of drinking water for content was conducted, since the local city municipal utility district can supply the subject property once it is occupied. There are no water wells on the subject property that are to be used for potable water. Potable water is to be supplied to the subject by the municipal water company of the City of Fort Worth, Texas. According to the 2005 Annual Drinking Water Quality for the City of Fort Worth submitted in response to this site issue deficiency, The City of Fort Worth, Texas municipal water supply complies with the EPA drinking water requirements. No further action was required as to lead in drinking water.
- **Radon:** Per a letter dated July 28, 2006 from QORE, Inc., "According to the EPA Map of Radon Zones (Texas), Tarrant County, Texas is located in EPA Radon Zone 3 (average indoor level less than two picoCuries per Liter). Based upon published information, a survey for radon was not indicated and was not conducted. Radon does not appear to currently present a *business environmental risk* to the subject property."

Recommendations and Conclusions: "QORE had performed a Phase I Environmental Site Assessment of the proposed Village Creek Apartments property located at 5151 Mansfield Highway in Fort Worth, Tarrant County, Texas, in conformance with the scope and limitations of the American Society for Testing and Materials (ASTM) Practice E 1527-00. Exceptions to, or deletions from, this practice are described in Section 11.0 of this report. Based upon the information obtained to date, this assessment has revealed no evidence of *recognized environmental conditions* in connection with the subject property, except as noted below: The area of suspected dumping on the northeastern portion of the subject property. QORE recommends a subsurface assessment to further reduce uncertainty regarding the potential presence of petroleum or hazardous substances associated with or attributable to this *recognized environmental condition*."

Receipt, review, and acceptance of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321). Two hundred and fifty-two of the units (100% of the total) will be reserved for low-income tenants. All 250 of the units (100%) will be reserved for households earning 60% or less of AMI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$26,640	\$30,420	\$34,260	\$38,040	\$41,100	\$44,100

MARKET HIGHLIGHTS

A market feasibility study dated May 31, 2006 and revised August 7, 2006 was prepared by Butler Burgher, Inc. ("Market Analyst") and included the following findings:

Secondary Market Information: "The secondary market is defined as Tarrant County due to the central location of the site relative to the county lines" (p. 51). This area encompasses approximately 891 square miles and is equivalent to a circle with a radius of 17 miles.

Definition of Primary Market Area (PMA): "…the market area is defined as the area situated west of Loop 820, south of IH 30, east of IH35W, and north of IH 20/Loop 820" (p. 50). It should be noted, the Market Analyst slightly re-drew the PMA boundary as of August 7, 2006. This revised area encompasses approximately 32.49 square miles and is equivalent to a circle with a radius of 3 miles.

Population: The estimated 2006 population of the original PMA was 108,382 and is expected to increase by 6% to approximately 114,845 by 2011. Since this population exceeds the maximum sized market area of 100,000 as defined by TDHCA Rules and Guidelines for market studies, the Market Analyst made a slight revision to the PMA boundary lines to effectively reduce the primary market population to meet the Department's requirements. The estimated 2006 population of the revised PMA was 99,312 and is expected to increase by 6% to approximately 105,279 by 2011. Within this revised primary market area there were estimated to be 31,754 households in 2006.

Total Market Demand: The Market Analyst elected not to utilize a household size-appropriate adjustment rate. The Analyst's income band of $22,354 to $41,100 (p. 71) results in an income eligible adjustment rate of 25.91% (p. 71). The tenure appropriate adjustment rate of 37.04% is specific to the target population (p. 72). The Market Analyst indicates a turnover rate of 65.2% applies based on the 2005 IREM *Apartment Report* for Region 6 (p. 72).

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	36	1.79%	28	2%
Resident Turnover	2,005	98.21%	1,565	98%
TOTAL DEMAND	**2,042**	**100%**	**1,593**	**100%**

p. 74

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 18.27% based upon 2,042 units of demand and 373 unstabilized affordable housing in the PMA (including the subject) (p. 69). The Underwriter calculated an inclusive capture rate of 23% based upon a revised demand estimate for 1,593 affordable units. Furthermore, Residences at Eastland (TDHCA #060138) did not receive a 2006 tax credit allocation. Therefore, the unstabilized affordable housing count should be reduced to only the subject 252 units resulting in a revised inclusive capture rate of 16%.

Unit Mix Conclusion: The Market Analyst did not comment on the appropriateness of the subject's unit mix.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 944 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$622	$652	-$30	$650	-$28
1-Bedroom (60%)	$627	$652	-$25	$660	-$33
2-Bedroom (60%)	$756	$781	-$25	$775	-$19
2-Bedroom (60%)	$761	$781	-$20	$785	-$24
3-Bedroom (60%)	$874	$899	-$25	$930	-$56
3-Bedroom (60%)	$879	$899	-$20	$945	-$66

(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 Market Analyst does not explicitly comment on the occupancy rates of the PMA, however, it is indicated that the current occupancy rate of the submarket is 89.4% (p.48).

Absorption Projections: "An absorption rate of 15 units/month is reasonable for the subject, as encumbered by the 60% AMI income and rent restrictions, considering the location on a primary roadway in southeastern Fort Worth…The absorption rate will result in a 10-month absorption period from date of completion to obtain stabilized physical occupancy" (p. 76).

Unstabilized, Under Construction, and Planned Development: "Residences at Eastland [TDHCA #060138] will have one hundred and forty 30%, 50%, and 60% of AMI units and 6 market units with 2BR, 3BR, and 4BR units. The TDHCA application verifies that 15 units will be offered at 30% of AMI, 6 units will be offered at market, 61 units will be offered at 50% of AMI, and 64 units will be offered at 60% of AMI (of these 4 are 4 BR). We have included the 2 and 3 BR units which are planned at 50% and 60% of AMI for a conservative analysis; the 30% of AMI, market rate, and 4 BR units were excluded from the unit count. This community is planned north of the subject in the PMA and would be on a similar development time-line as the subject. However, the townhome plan and large unit plans at Residences of Eastland will capture a different market segment than the 1BR, 2BR, and 3BR unit flat types at the subject" (p. 69). The Residences at Eastland did not receive a 2006 tax credit allocation.

Market Impact: The Market Analyst did not comment on the effect the rehabilitation of the subject development will have on the market area.

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 projected rents collected per unit do not appear to be based on current HTC rent limit as they are less than the Underwriter's estimates. For each unit type, the Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the rents calculated by subtracting "Total Electric Units Only" tenant-paid utility allowances as of January 20, 2006, maintained by the Housing Authority of the City of Fort Worth, from the 2006 program gross rent limits.

The Applicant has included secondary income in excess of the Department guideline of $15 per unit per month. The additional income is attributed to tenant rental of carport, garage and storage units. No additional documentation to support secondary income from these sources was provided, therefore, the Underwriter's Year 1 estimate does not exceed the Department guideline. The Applicant's vacancy and collection loss assumption is in line with current TDHCA guidelines and the resulting effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $4,111 per unit is within 5% of the Underwriter's estimate of $3,931, derived from the TDHCA database and third-party data sources. The Applicant's property insurance line item expense appears to be understated compared to the Underwriter's estimate. Conversely, the Applicant's property tax appears to be overstated compared to the Underwriter's estimate. Moreover, the Underwriter has assumed an initial reserve for replacement of $250 per unit annually based on requirements of the proposed Limited Partner, whereas the Applicant has assumed an initial reserve for replacement of $289 per unit annually. Finally, it appears that the Applicant has understated TDHCA compliance fees.

Conclusion: The Applicant's effective gross income, total expenses and net operating income are each within 5% of Underwriter's estimates; therefore, the Applicant's Year 1 proforma is used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.11, which is within the Department's DCR guideline of 1.10 to 1.30.

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 18.9 acres	$1,260,000		**Date of Valuation:**	3/2/2006	
Appraiser:	Mary Ann Barnett	**Firm:**	Butler Burgher	**City:**	Dallas

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher, Inc. and dated February 10, 2006. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the income approach. Five land sales dating from February 2005 to July 2005 for 10.37 to 20 acres were used to determine the underlying value of the land. In this case the value is less than the purchase price but greater than the acquisition value used in the underwriting analysis.

ASSESSED VALUE

Land: 37.8133 acres	$411,787	**Assessment for the Year of:**	2006
Improvements:	$45,510	**Valuation by:**	Tarrant County Appraisal District
Total: prorated 18.98 acres	$229,535	**Tax Rate:**	3.186277

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (18.98 acres)		
Contract Expiration:	9/29/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,500,000	**Other:**	
Seller:	One Prime, LP	**Related to Development Team?**	☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The current owner, One Prime, LP, is also the developer; therefore the transaction represents an identity of interest. The Applicant submitted a Purchaser's Statement dated April 17, 2006 between Don Doherty and Earl Burleson and One Prime, LP for a 38.8358 acre tract containing the subject 18.98- acre site. According to the statement, the purchase price for the 38.8358 acre tract was $2,500,000. The Applicant also submitted an Unimproved Commercial Property Contract between One Prime, LP and One Village Creek, LP, the Applicant, reflecting a purchase price of $1,500,000 for the subject 18.98-acres (Amended from 17.5 acres on July 7, 2006). The Underwriter calculated the land cost by multiplying the per acre cost of $64,374 times the actual site acreage of 18.98 acres to achieve a prorated land value of $1,221,811.

Sitework Cost: The Applicant's claimed sitework costs of $7,454 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Underwriter removed garages & carports from eligible basis because the Applicant's claimed secondary income from this source exceeds $15 per unit per month

The Applicant's direct construction cost estimate is $400K or 3% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor general requirements and contractor general and administrative fees exceed the 6% and 2% maximums allowed by HTC guidelines by a total of $1,283 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 fee also exceeds 15% of the Applicant's adjusted eligible basis by $50,379 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 is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for overstated acquisition cost will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $20,554,879 supports annual tax credits of $959,296. 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

PERMANENT Bond FINANCING

Source:	KeyBank Real Estate Capital		**Contact:**	Jeffrey Rogers	
Principal:	$14,799,300	**Interest Rate:**	5.80%, fixed, lender's estimate	**Amort:**	480 months

Documentation: ☒ Signed ☒ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☒ Application

Comments: 0.45% MIP

TAX CREDIT SYNDICATION

Source: MMA Financial **Contact:** Marie Keutmann

Proceeds: $9,138,000 **Net Syndication Rate:** 98% **Anticipated HTC:** $932,493/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $707,217 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Bond Financing: The tax-exempt bonds are to be issued by the Fort Worth Housing Trust Finance Corporation and purchased by KeyBank. The Applicant's sources and uses are inconsistent with the terms reflected in the submitted letter of interest for permanent bond financing by KeyBank. The Applicant has indicated an interest rate of 7.0% while the LOI lists 5.80% (exclusive of 0.45% MIP). It should be noted, however, the debt service of $147,545 listed in the LOI and utilized by the Applicant indicates an all-in interest rate of 6.95%. An interest rate of 5.80% is utilized in this underwriting analysis. The Mortgage Insurance Premium is treated as a separate line item.

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 $707,217 amount to 26% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate, as adjusted for overstated acquisition cost, less the permanent loan of $14,799,300 indicates the need for $9,845,651 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,004,806 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($932,493), the gap-driven amount ($1,004,806), and eligible basis-derived estimate ($959,296), the Applicant's request of $932,493 is recommended.

The Underwriter's recommended financing structure indicates the need for $430,376 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within just over three years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.
- The seller is regarded as a related party; this issue is addressed in the "Construction Cost Estimate Evaluation" section of this report.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Developer, One Prime, LP, submitted an unaudited financial statement as of April 31, 2006 reporting total assets of $25.6M and consisting of $179K in cash, $1.7M in receivables, $15.8M in real property, $354K in machinery, equipment, and fixtures, and $7.5M in other assets. Liabilities totaled $9M, resulting in a net worth of $16.6M.
- The principal of the Developer, Hal Thorne, submitted an unaudited financial statement as of April 31, 2006 and is anticipated to be guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

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

Underwriter:	*Diamond Thompson*	**Date:**	August 23, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 23, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Village Creek Apartments, Fort Worth, 4% HTC #060415

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	32	1	1	742	$713	$650	$20,800	$0.88	$61.00	$22.00
TC 60%	40	1	1	777	713	$652	26,080	0.84	61.00	22.00
TC 60%	64	2	2	966	856	$775	49,600	0.80	75.00	24.00
TC 60%	68	2	2	994	856	$781	53,108	0.79	75.00	24.00
TC 60%	24	3	2	1,118	989	$899	21,576	0.80	90.00	28.00
TC 60%	24	3	2	1,141	989	$899	21,576	0.79	90.00	28.00
TOTAL:	252		AVERAGE:	946	$840	$765	$192,740	$0.81	$73.86	$24.19

INCOME	Total Net Rentable Sq Ft:	238,456	TDHCA	APPLICANT		Comptroller's Region	3
POTENTIAL GROSS RENT			$2,312,880	$2,246,256		IREM Region	Fort Worth
Secondary Income	Per Unit Per Month:	$15.00	45,360	5,249	$1.74	Per Unit Per Month	
Other Support Income: 80 carports, 30 garages, and 30 storage units			0	92,539	$30.60	Per Unit Per Month	
POTENTIAL GROSS INCOME			$2,358,240	$2,344,044			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(176,868)	(175,800)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$2,181,372	$2,168,244			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.35%	$376	0.40	$94,855	$81,800	$0.34	$325	3.77%
Management		3.88%	336	0.36	84,676	86,730	0.36	344	4.00%
Payroll & Payroll Tax		11.03%	955	1.01	240,710	235,651	0.99	935	10.87%
Repairs & Maintenance		5.12%	443	0.47	111,726	114,700	0.48	455	5.29%
Utilities		2.56%	222	0.23	55,836	46,800	0.20	186	2.16%
Water, Sewer, & Trash		3.35%	290	0.31	73,152	80,620	0.34	320	3.72%
Property Insurance		3.39%	294	0.31	74,050	50,400	0.21	200	2.32%
Property Tax	3.186277	8.37%	724	0.77	182,501	260,033	1.09	1,032	11.99%
Reserve for Replacements		2.89%	250	0.26	63,000	72,900	0.31	289	3.36%
Other: compl fees		0.46%	40	0.04	10,080	6,300	0.03	25	0.29%
TOTAL EXPENSES		45.41%	$3,931	$4.15	$990,584	$1,035,934	$4.34	$4,111	47.78%
NET OPERATING INC		54.59%	$4,725	$4.99	$1,190,788	$1,132,310	$4.75	$4,493	52.22%
DEBT SERVICE									
First Lien Mortgage		43.66%	$3,780	$3.99	$952,488	$1,019,085	$4.27	$4,044	47.00%
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		10.92%	$946	$1.00	$238,299	$113,225	$0.47	$449	5.22%
AGGREGATE DEBT COVERAGE RATIO					1.25	1.11			
RECOMMENDED DEBT COVERAGE RATIO						1.11			

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)		5.14%	$4,848	$5.12	$1,221,811	$1,500,000	$6.29	$5,952	6.09%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.90%	7,454	7.88	1,878,487	1,878,487	7.88	7,454	7.62%
Direct Construction		48.57%	45,832	48.44	11,549,640	11,949,743	50.11	47,420	48.49%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	3.39%	3,197	3.38	805,688	830,656	3.48	3,296	3.37%
Contractor's G & A	2.00%	1.13%	1,066	1.13	268,563	276,885	1.16	1,099	1.12%
Contractor's Profit	3.56%	2.01%	1,895	2.00	477,628	477,628	2.00	1,895	1.94%
Indirect Construction		5.70%	5,383	5.69	1,356,500	1,356,500	5.69	5,383	5.50%
Ineligible Costs		6.75%	6,369	6.73	1,604,982	1,604,982	6.73	6,369	6.51%
Developer's G & A	4.16%	3.05%	2,882	3.05	726,254	841,450	3.53	3,339	3.41%
Developer's Profit	10.84%	7.95%	7,500	7.93	1,890,000	1,890,000	7.93	7,500	7.67%
Interim Financing		4.65%	4,386	4.63	1,105,191	1,105,191	4.63	4,386	4.48%
Reserves		3.75%	3,542	3.74	892,659	933,429	3.91	3,704	3.79%
TOTAL COST		100.00%	$94,355	$99.71	$23,777,402	$24,644,951	$103.35	$97,797	100.00%
Construction Cost Recap		*63.00%*	***$59,444***	***$62.82***	***$14,980,005***	***$15,413,399***	***$64.64***	***$61,164***	*62.54%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	62.24%	$58,727	$62.06	$14,799,300	$14,799,300	$14,799,300	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,681,071
HTC Syndication Proceeds	38.43%	$36,262	$38.32	9,138,000	9,138,000	9,137,086	% of Dev. Fee Deferred
Deferred Developer Fees	2.97%	$2,806	$2.97	707,217	707,217	430,376	16%
Additional (Excess) Funds Req'd	-3.65%	($3,441)	($3.64)	(867,115)	434	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$23,777,402	$24,644,951	$24,366,762	$4,290,692

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village Creek Apartments, Fort Worth, 4% HTC #060415

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.39	$11,778,345
Adjustments				
Exterior Wall Finish	6.73%		$3.32	$792,447
9-Ft. Ceilings	3.53%		1.74	415,304
Roofing			0.00	0
Subfloor			(0.75)	(178,047)
Floor Cover			2.02	482,635
Porches/Balconies	$20.33	2,505	0.21	50,927
Plumbing	$680	540	1.54	367,200
Built-In Appliances	$1,675	252	1.77	422,100
Stairs	$1,650	96	0.66	158,400
Rough-Ins	$340	252	0.36	85,680
Heating/Cooling			1.73	412,529
Garages			0.00	0
Comm &/or Aux Bldgs	$62.92	5,462	1.44	343,668
Exterior Stairs	$1,650	96	0.66	158,400
SUBTOTAL			64.12	15,289,588
Current Cost Multiplier	1.04		2.56	611,584
Local Multiplier	0.89		(7.05)	(1,681,855)
TOTAL DIRECT CONSTRUCTION COSTS			$59.63	$14,219,317
Plans, specs, survy, bld prm	3.90%		($2.33)	($554,553)
Interim Construction Interes	3.38%		(2.01)	(479,902)
Contractor's OH & Profit	11.50%		(6.86)	(1,635,221)
NET DIRECT CONSTRUCTION COSTS			$48.44	$11,549,640

PAYMENT COMPUTATION

Primary	$14,799,300	Amort	480
Int Rate	5.80%	DCR	1.25

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.25

Additional	$9,138,000	Amort	
Int Rate		Aggregate DCR	1.25

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$952,488
Mortgage Insurance (0.45%)	66,597
Additional Debt Service	0
NET CASH FLOW	$113,225

Primary	$14,799,300	Amort	480
Int Rate	5.80%	DCR	1.19

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.11

Additional	$9,138,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.11

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

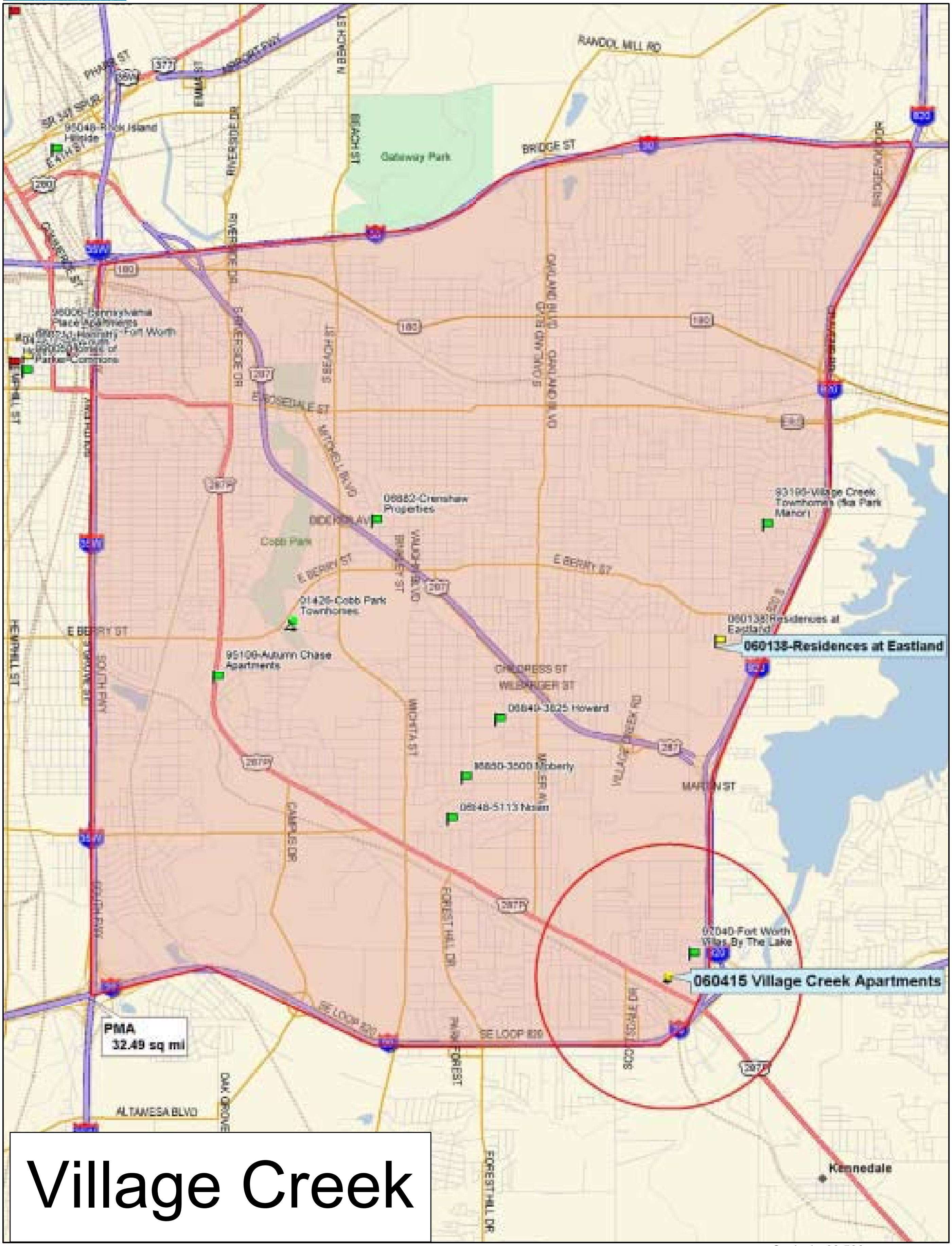
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,246,256	$2,313,644	$2,383,053	$2,454,545	$2,528,181	$2,930,855	$3,397,664	$3,938,823	$5,293,449
Secondary Income	5,249	5,407	5,569	5,736	5,908	6,849	7,940	9,204	12,370
Other Support Income: 80 carpo	92,539	95,315	98,174	101,120	104,153	120,742	139,973	162,267	218,074
POTENTIAL GROSS INCOME	2,344,044	2,414,365	2,486,796	2,561,400	2,638,242	3,058,446	3,545,577	4,110,295	5,523,893
Vacancy & Collection Loss	(175,800)	(181,077)	(186,510)	(192,105)	(197,868)	(229,383)	(265,918)	(308,272)	(414,292)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,168,244	$2,233,288	$2,300,287	$2,369,295	$2,440,374	$2,829,062	$3,279,659	$3,802,023	$5,109,601
EXPENSES at 4.00%									
General & Administrative	$81,800	$85,072	$88,475	$92,014	$95,694	$116,427	$141,651	$172,340	$255,106
Management	86,730	89331.764	92011.71696	94772.06847	97615.23052	113162.806	131186.7072	152081.3485	204384.6153
Payroll & Payroll Tax	235,651	245,077	254,880	265,075	275,678	335,405	408,071	496,481	734,913
Repairs & Maintenance	114,700	119,288	124,060	129,022	134,183	163,254	198,623	241,656	357,709
Utilities	46,800	48,672	50,619	52,644	54,749	66,611	81,042	98,601	145,953
Water, Sewer & Trash	80,620	83,845	87,199	90,687	94,314	114,747	139,608	169,854	251,426
Insurance	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Property Tax	260,033	270,434	281,252	292,502	304,202	370,108	450,293	547,850	810,952
Reserve for Replacements	72,900	75,816	78,849	82,003	85,283	103,759	126,239	153,589	227,350
Other	6,300	6,552	6,814	7,087	7,370	8,967	10,910	13,273	19,648
TOTAL EXPENSES	$1,035,934	$1,076,504	$1,118,671	$1,162,497	$1,208,049	$1,464,176	$1,774,901	$2,151,911	$3,164,621
NET OPERATING INCOME	$1,132,310	$1,156,784	$1,181,616	$1,206,798	$1,232,325	$1,364,886	$1,504,758	$1,650,113	$1,944,981
DEBT SERVICE									
First Lien Financing	$952,488	$952,488	$952,488	$952,488	$952,488	$952,488	$952,488	$952,488	$952,488
Second Lien	66,597	66,597	66,597	66,597	66,597	66,597	66,597	66,597	66,597
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$113,225	$137,699	$162,531	$187,713	$213,239	$345,801	$485,673	$631,027	$925,895
DEBT COVERAGE RATIO	1.11	1.14	1.16	1.18	1.21	1.34	1.48	1.62	1.91

ITC ALLOCATION ANALYSIS -Village Creek Apartments, Fort Worth, 4% HTC #06041

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	$1,500,000	$1,221,811		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,878,487	$1,878,487	$1,878,487	$1,878,487
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$11,949,743	$11,549,640	$11,949,743	$11,549,640
(4) Contractor Fees & General Requirements				
Contractor overhead	$276,885	$268,563	$276,565	$268,563
Contractor profit	$477,628	$477,628	$477,628	$477,628
General requirements	$830,656	$805,688	$829,694	$805,688
(5) Contingencies				
(6) Eligible Indirect Fees	$1,356,500	$1,356,500	$1,356,500	$1,356,500
(7) Eligible Financing Fees	$1,105,191	$1,105,191	$1,105,191	$1,105,191
(8) All Ineligible Costs	$1,604,982	$1,604,982		
(9) Developer Fees			$2,681,071	
Developer overhead	$841,450	$726,254		$726,254
Developer fee	$1,890,000	$1,890,000		$1,890,000
(10) Development Reserves	$933,429	$892,659		
TOTAL DEVELOPMENT COSTS	$24,644,951	$23,777,402	$20,554,879	$20,057,951

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		$20,554,879	$20,057,951
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$26,721,342	$26,075,336
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$26,721,342	$26,075,336
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$959,296	$936,105
Syndication Proceeds	**0.9799**	**$9,399,719**	**$9,172,474**

Total Tax Credits (Eligible Basis Method)	**$959,296**	**$936,105**
Syndication Proceeds	**$9,399,719**	**$9,172,474**
Requested Tax Credits	**$932,493**	
Syndication Proceeds	**$9,137,086**	
Gap of Syndication Proceeds Needed	**$9,845,651**	
Total Tax Credits (Gap Method)	**$1,004,806**	



Scale 1 : 62,500

1" = 5,208.3 ft Data Zoom 11-6

Applicant Evaluation

Project ID # **060415** Name: **Village Creek Apartments** City: **Fort Worth**

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

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

National Previous Participation Certification Received: ☑ N/A ☐ Yes ☐ No

Noncompliance Reported on National Previous Participation Certification: ☐ Yes ☐ No

Portfolio Management and Compliance

Total # of Projects monitored: 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: 5

in noncompliance: 0

Projects not reported in application: Yes ☐ No ☑

# of projects not reported: 0

Portfolio Monitoring		Single Audit		Portfolio Analysis	
Not applicable	☑	Not applicable	☑	Not applicable	☑
Review pending	☐	Review pending	☐	No unresolved issues	☐
No unresolved issues	☐	No unresolved issues	☐	Not current on set-ups	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Not current on draws	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Not current on match	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 7/28/2006

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (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	M. Tynan	Reviewer	David Burrell
Date	7 /28/2006	Date	7 /27/2006	Date	7 /28/2006

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☑	Not applicable	☑	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer	Maria Cazares	Reviewer	Melissa M. Whitehead
Date	8 /1 /2006	Date	8 /2 /2006	Date	8 /1 /2006

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST
HOME AMENDMENTS
August 30, 2006

Action Item

Requests for amendments to HOME Investment Partnerships Program (HOME) contracts involving modifications that significantly decrease the benefits to be received by the Department.

Requested Action

Approve or deny the requests for amendments.

Background

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) state that 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.

City of Socorro Contract Number 542052

Summary of Request

The City of Socorro (City) previously requested an amendment to extend the contract end date as a result of unforeseen delays in the project, overly restrictive income limits, and turnover in City administration. The contract start date was October 1, 2003; the first amendment was executed on August 8, 2005 extending the end date of the contract for twelve (12) months, from September 30, 2005 to September 30, 2006. The first amendment also increased the income limits for thirteen (13) households from the 30% Area Median Family Income (AMFI) Limit to the 80% AMFI Limit to allow the City to assist households that would otherwise not qualify for assistance.

The City is requesting a second amendment to further extend the end date of their contract from September 30, 2006 to March 30, 2007. The City states that a six (6) month extension is necessary due to unpredictable situations causing delays in program administration. With the assistance of El Paso Collaborative for Community and Economic Development, the City has assisted twenty seven (27) households, has two (2) additional closings pending, and has thirty eight (38) households pending qualification for assistance.

In addition, recent floods in El Paso County, primarily in the City limits, have caused significant devastation. The City states that loss of this funding would further devastate the City and negatively impact the families awaiting approval for assistance.

Amendment Number:	2
Activity Type:	Home Buyer Assistance (HBA)
Contract Executor:	Trini Lopez, Mayor
Contract Start Date:	October 1, 2003
Contract End Date:	September 30, 2006
Requested End Date:	March 30, 2007
Service Area:	Socorro, El Paso County
Total Budget Amount:	$520,000
Project Amount:	$500,000
Administration Amount:	$20,000
Households Required:	41
Households Assisted:	23
Amount Drawn:	$214,359

Requested Action

Because of current policy, staff has denied the amendment request. At the time of the first extension for twelve (12) months, the City assured the Department that the contract would be completed by the amended contract end date. To date, thirty five (35) months since the contract start date, the City has only expended forty one percent (41%) of the contract funds. The City has not provided sufficient documentation to verify that the thirty eight (38) households pending assistance will be able to meet all program requirements. In addition, the City has not provided sufficient match to meet their contract requirement, having a current match shortfall of $10,509.

If the board chooses to approve the amendment, the contract end date would be extended from September 30, 2006 to June 30, 2007. Approval of this amendment would require the City to provide the Department with a Monthly Contract Progress Report in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the amended contract term. The Monthly Contract Progress Report must be completed and submitted by the 10th day of each month until the end of the amended contract term.

City of Cotulla Contract Number 1000020

Summary of Request

The City of Cotulla (City) previously requested an amendment to extend the contract end date as a result of unforeseen delays in the project and the recent resignation of their grant consultant. The contract start date was December 1, 2003; the first amendment was executed on December 29, 2005 extending the end date of the contract for six (6) months, from November 30, 2005 to May 31, 2006.

The City is requesting a second amendment to extend the end date of their contract from May 31, 2006 to November 30, 2006. The City states that a six (6) month extension is necessary to complete construction of the homes currently under construction. The homes of the ten (10) households to be assisted have been demolished, and are in various stages of completion, from demolition to sheet rock.

Amendment Number:	2
Activity Type:	Owner Occupied Rehabilitation (OCC)
Contract Executor:	Abel B. Gonzalez, Mayor
Contract Contact:	Rachel Hernandez, City Administrator
Contract Start Date:	December 1, 2003
Contract End Date:	May 31, 2006
Requested End Date:	November 30, 2006
Service Area:	Cotulla, La Salle County
Total Budget Amount:	\$520,000
Project Amount:	\$500,000
Administration Amount:	\$20,000
Households Required:	10
Households Projected:	10
Amount Drawn:	\$142,707

Requested Action

Because of current policy, staff has denied the amendment request. At the time of the first extension for six (6) months, the City assured the Department that the contract would be completed by the amended contract end date. This contract was awarded in November 2003 to provide disaster relief to households impacted by area flooding. To date, thirty three (33) months since the contract start date, the City has only expended twenty seven percent (27%) of the contract funds.

If the board chooses to approve the amendment, the contract end date would be extended from May 31, 2006 to November 30, 2006. Approval of this amendment would require the City to provide the Department with a Monthly Contract Progress Report in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the amended contract term. The Monthly Contract Progress Report must be completed and submitted by the 10th day of each month until the end of the amended contract term.

La Salle County Contract Number 1000028

Summary of Request

La Salle County (County) previously requested an amendment to extend the contract end date as a result of unforeseen delays in the project, difficulty in procuring a qualify construction contractor, delays in demolition and disposal of debris, and lack of resources originating from Hurricane Katrina and Rita recovery efforts. The contract start date was December 1, 2003; the first amendment was executed on December 29, 2005 extending the end date of the contract for five (5) months, from November 30, 2005 to April 30, 2006.

The City is requesting a second amendment to extend the end date of their contract from April 30, 2006 to November 30, 2006. The City states that a seven (7) month extension is necessary to allow the City to complete construction of the homes currently under construction. The homes of the ten (10) households to be assisted have been demolished, and the homes are in various stages of completion, from demolition to completion.

Amendment Number:	2
Activity Type:	Owner Occupied Rehabilitation (OCC)
Contract Executor:	Joel Rodriguez, Jr., County Judge
Contract Start Date:	December 1, 2003
Contract End Date:	April 30, 2006
Requested End Date:	November 30, 2006
Service Area:	La Salle County
Total Budget Amount:	\$520,000
Project Amount:	\$500,000
Administration Amount:	\$20,000
Households Required:	10
Households Projected:	10
Amount Drawn:	\$258,507

Requested Action

Because of current policy, staff has denied the amendment request. At the time of the first extension for five (5) months, the County assured the Department that the contract would be completed by the amended contract end date. This contract was awarded in November 2003 to provide disaster relief to households impacted by area flooding. To date, thirty three (33) months since the contract start date, the County has only expended fifty percent (50%) of the contract funds.

If the board chooses to approve the amendment, the contract end date would be extended from April 30, 2006 to November 30, 2006. Approval of this amendment would require the County to provide the Department with a Monthly Contract Progress Report in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the amended contract term. The Monthly Contract Progress Report must be completed and submitted by the 10th day of each month until the end of the amended contract term.

Trini Lopez
Mayor

Sergio Cox
At Large

Josie Trillo
District 1

Mary E. Perez
District 2 / Mayor Pro Tem

Victor Perez
District 3

Al Gutierrez
District 4

Carol Garcia
City Manager

RECEIVED
AUG - 9 2006
PM&C DIVISION

August 8, 2006

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th
PO Box 13941
Austin, Texas 78711-3941

RE: HOME Program Contract #542052

Dear Mr. Gerber:

The City of Socorro is in receipt of the Department's letter denying the second request to extend the above referenced. As you are aware governmental municipalities experience unpredictable situations causing delays in programs. From the time we consulted with El Paso Collaborative for Community & Economic Development and since my inception as newly elected Mayor for the City of Socorro, there has been much activity on our HOME program, i.e. 27 closings, 2 pending to close and 38 in the pipeline.

The recent floods in El Paso County- primarily in the City of Socorro – have caused much devastation and we continue to be on alert for flooding. What we just experienced in this region are areas that were hit with more than 15 inches of rain in a period of less than two weeks. Our environment is simply not conditioned to absorb that amount of rainfall and the grounds are so saturated that there is no place to drain the excess water.

There is much work to do to clean up the City of Socorro and to help those families whose homes are damaged or destroyed. Several agencies such as FEMA and the National Guard along with many local volunteers have stepped up to the plate to assist our communities.

From a Mayoral perspective, more then ever we need the Department's funds to continue assisting residents of the City of Socorro that need homebuyer assistance. Loss of this funding will further devastate the city and will impact the families currently in the pipeline. I strongly urge the Department to consider our appeal and give me an opportunity to offer testimony to the Department's Governing Board on behalf of the City of Socorro constituency.

Respectfully,

Trini Lopez
Mayor

DONIPHAN HIT HARD

Mark Lambie / El Paso Times

Col. Kollron Todd dragged a section of carpet from his home on Franklin Summit on Wednesday as he cleaned up after Tuesday's storm

Standing water hinders Canutillo cleanup

Adriana M. Chávez
El Paso Times

ate Sen. Eliot Shapleigh, D-El Paso, ed severely water-damaged parts of aso County on Wednesday afternoon asked residents to report all flood age.

apleigh took a helicopter tour of San ario, Socorro, Northeast El Paso, utillo and Vinton to assess the dam- U.S. Rep. Silvestre Reyes, D-Texas, toured Canutillo and other areas.

anutillo has the most serious stand- water issue," Shapleigh said. "We t every one to go online and get us an ssment of their homes and businesses at we can get a full report to Austin and (Washington) D.C."

Shapleigh

Most of the damage in Canutillo was along Doniphan Drive, where several businesses are located, including Ay Caramba Mexican restaurant at 6874 Doniphan.

The restaurant's floor was covered with ankle-deep mud and water, and although co-owner Carlos Aguirre and several employees tried to clean up, more water flowed in every time a door was opened.

Outside, crews from El Paso Water Utilities were assessing the damage and trying to pump standing water from several streets.

"We're losing money every hour that goes by," Aguirre said Wednesday, adding that he still had to test some of the restaurant equipment to see whether it works.

"We open the door and the water still comes in. We might have to wait until (today) to clean up."

Shapleigh told Aguirre that he wanted to take Gov. Rick Perry to the restaurant today to survey the damage.

Many residents were affected by flooding as well, including about 75 people who spent the night at a shelter at Canutillo Elementary School.

Rodolfo González, 39, said his home was filled with about 4 inches of water on Wednesday, the day after a rush of water destroyed his home's walls and floors.

"You see all of this on TV, but you never think it would happen here," Gonzalez said as he waded through knee-deep water at First and Talbot streets.

Gonzalez said he's frustrated with what he feels is a lack of response from local emergency agencies, adding that he can't start cleaning his home until the water outside of it is pumped away.

"I'm afraid it's going to rain again," Gonzalez said. "I don't know if I should keep cleaning or not if it's going to keep raining."

For more information: www.shapleigh.org.

El Paso Times Saturday Aug 5 2006

Dam on Fort Bliss spills into community

By Tammy Fonce-Olivas and Darren Meritz

El Paso Times

About 600 people were evacuated from Central El Paso, Vinton, Socorro and the Westway area on Friday after the region was hit by a new downpour that caused arroyos and one dam to overflow.

Firefighters and police made dramatic rescues after a Central El Paso neighborhood was surprised by floodwaters, which smashed into homes and placed residents in danger.

No serious injuries were reported.

"People's houses are filling up with water, and there's no way we can stop it. We need to pray for sunshine. We are famous for it and we need it back," El Paso Mayor John Cook said Friday.

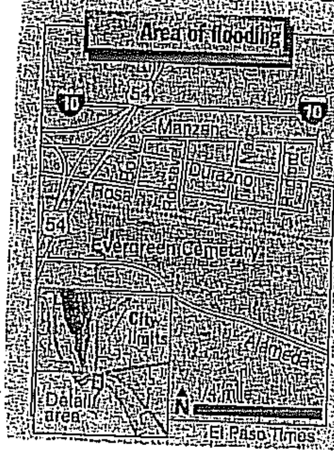
Emergency workers began evacuating Central residents after heavy rains sent runoff from the Pershing Dam ponding area on Fort Bliss. Residents said nearby homes near Gateway Boulevard North and Pershing Drive were flooded with as much as 3 feet of water.

The floodwaters continued south and flooded homes near the Spaghetti Bowl. In total, about 300 Central residents were evacuated, city officials said.

Alejandro Moy, 15, said he, his mother and two sisters were home Friday afternoon when water began rushing into their house at 4304 Memphis.

"It was scary. We felt electricity running through the water," he said. "My bed is all wet and I could see the walls already dirty and everything and it smells bad. You could see weird stuff in the water."

Please see Evacuated 2A



El Paso Times Saturday, Aug. 5, 2006

Evacuated

Continued from 1A

Moy said he and his family planned to stay at his grandmother's house on the East Side.

Lucy Baca, 86, was evacuated by firefighters with her 56-year-old son, Barry Baca, who is blind, from their home at 4301 Nashville after she called 911 twice, she said.

"I called two times because we needed some kind of emergency assistance," she said. "They came to my house and said I should leave, and I said, 'Sure.'"

El Paso firefighters rescued several motorists whose vehicles stalled in high waters on the northbound frontage road of U.S. 54. One woman trapped waist-deep in water was rescued from her home near the Pershing Dam, Fire Department Battalion Chief Robert Binkley said.

Firefighters and police carried children on their shoulders and in their arms, helped others wade through the waist-deep water and rescued dogs. They also helped people take essential belongings from their homes.

About half a dozen residents fleeing floodwaters sought refuge at a temporary evacuation center firefighters set up at the Roger Bacon Franciscan Seminary at 2400 Marr.

The Fire Department sent seven units to the area. Two water rescue teams helped Fort Bliss firefighters clear a clogged drainage pipe.

"It has been overflowing, and there's a drainage (pipe) that takes (the water) across the street and into a man-made arroyo," Fort Bliss Commander Maj. Gen. Robert Lennox said. "We cleared the drain (Thursday), and apparently it clogged up again."

Texas Parks and Wildlife officials were parked at Pershing and U.S. 54 with a boat on standby. Also responding were Customs and Border Protection officials. Sun Metro sent several buses to transport residents to safer locations.

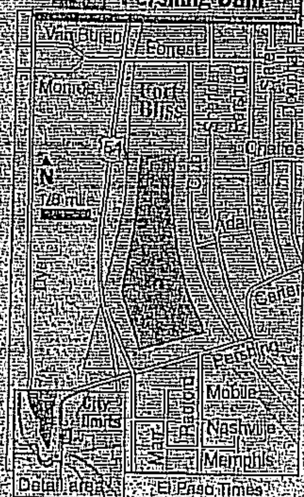
Friday's rainfall also led to the evacuation of about 50 people from the village of Vinton and the Westway area, said West Valley Assistant Fire Chief Russ Beeson.

The evacuees were taken to Canutillo Elementary School at 651 Canutillo.

Though a rush of rainwater flowed through Vinton, the flooding wasn't as strong as it was a few days earlier. "It's been a tough week," Beeson said.

Socorro police helped evacuate more than 150 people from two

Pershing Dam



El Paso Times

neighborhoods in Socorro to the Ysleta Del Sur Pueblo. The shelter also accepted families from San Elizario and Clint.

Josh Garcia, emergency management coordinator for the pueblo, said about 200 people, including 30 Clint residents, were expected at the shelter set up at the Ysleta del Sur Recreation Center, 1100 Santos Sanchez St. Garcia said many residents were evacuated because of mudslides.

"Right now we're making ourselves available for this regional effort," Garcia said.

Dina Gorena, who lives on Reid Road in Socorro, said she never made it home Friday afternoon after picking up her 16-year-old son and 17-year-old daughter from Socorro High School.

When she arrived at her street, she found her 18-year-old son waiting for her outside their home, Gorena said. Socorro police blocked the street and told them to go to the emergency shelter.

"I don't even have a toothbrush," Gorena said Friday night. "We didn't come with anything."

Gorena said she and her children are anxious about their home's condition.

"I'm a single parent. All our belongings are in that house, along with our beloved dog," Gorena said. "I don't know what's out there just yet."

In El Paso, the city originally set up a temporary shelter at the convention center Thursday to house South El Paso residents ordered to evacuate their homes because it was feared that the La Frontera Baja dam in Juárez would collapse.

A break in the dam would have sent millions of gallons of water into Downtown El Paso. The mayor lifted the evacuation order for South El Paso on Friday, but many residents fearing the continuing storms stayed at the convention center.

They later returned home and the shelter was closed.

Cook said the relentless rains have caused a quarter billion dollars in damage to El Paso County. The city is hoping to receive federal money to rebuild streets, homes and commercial property.

"Every time it rains, the bill keeps going up," he said.

Texas U.S. Sens. Kay Bailey Hutchison and John Cornyn, both Republicans, along with U.S. Rep. Silvestre Reyes, D-Texas, have asked President Bush to expedite the federal major disaster declaration for El Paso County requested Thursday by Gov. Rick Perry.

"El Paso and its citizens have been hit hard in recent days, and it's critical that the federal government provide them with the assistance they need to recover from this serious flooding," Cornyn said in a written statement.

The relentless rain is expected to continue this weekend, said Dave Hefner, a meteorologist with the National Weather Service office in Santa Teresa.

"The forecast is for more thunderstorms (today) and Sunday, quite possibly worsening the flooding again," Hefner said.

The chance of rain is 70 percent today and 50 percent on Sunday. Chances of rain will dip to 20 to 30 percent on Monday, Hefner said.

"Hopefully after Sunday, we get a few breaks when everything is isolated," he said.

The official rain-measuring site at El Paso International Airport recorded 0.95 inches of rain on Friday.

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

Darren Meritz may be reached at dmeritz@elpasotimes.com; 546-6127.

Reporters Daniel Borunda and Adriana M. Chávez contributed to this report.

El Paso Times Sunday, Aug. 6, 2006

HISTORIC FLOODING RAIN CONTINUES TO FALL ON SATURATED CITY

Rainfall continues

Mark Lambie / El Paso Times

Juanita Martinez, left, hugged her neighbor Valeria Mena on Saturday morning as families worked at cleaning their flooded homes on Saipan Place off Durazno Street. A storm Friday sent water rushing down their street into homes and caused evacuations. Story, 14A.

Saturday is stormy, but allows cleanup

By Ramon Bracamontes
El Paso Times

A brief rainstorm that rolled through the area Saturday afternoon tested the nerves of residents, police and officials already stunned by more than a week of storms that have caused millions of dollars in damage.

Though more rain is expected today, the flash flood warning issued Saturday instead turned into scattered showers, almost gentle compared with the powerful storms that hit El Paso on Tuesday, Thursday and Friday.

"We were concerned, because we expected an inch to an inch and a half of rain, and that would flood the area again," said Noelle Crouthers, spokeswoman for the city of El Paso. "When it didn't happen, it was a brief sigh of relief."

The break from major rainstorms allowed street workers to clean Silver Springs Drive and Shadow Mountain Drive on the West Side and Fairbanks Drive in the Northeast. Other debris was also picked up, Crouthers said.

In addition, Saturday's sunshine allowed the dams and reservoirs in the area to drain.

"The flood-control plan is doing its job," Crouthers said after getting a briefing by the Army Corp of Engineers, which checked every dam Saturday.

Because more rain is expected today, the American Red Cross and the city have reopened an emergency shelter at El Paso

Please see Rainfall 2A

Mud buries Socorro neighborhood

By Darren Meritz
El Paso Times

Work crews spent Saturday moving tons of dirt that were deposited Friday in a Socorro neighborhood by flooding that also caused a hillside in the Valley Ridge subdivision to begin collapsing.

Dirt and mud as deep as 4 feet that washed down from higher elevations caked streets and homes in the neighborhood near Interstate 10 and Horizon Boulevard.

Heavy equipment crews had cleared several of the roads in the neighborhood and had piled dirt rooftop high when Saturday's rains started up again.

Saturday, as Freddie Navarrette and his wife walked away from his property at 10700 Thunder Road for the second night, he complained that work crews didn't use the dirt to create make-shift levees to protect his home from further water damage.

"Piling this dirt — that's not going to stop the water," said Navarrette, who works at Price's Creameries. "The way they piled

Please see Socorro 2A

MORE NEWS

▶ Shelters have ... from Durazno area 14A

▶ Canutillo residents struggle to regain their lives 14A

elpasotimes.com

▶ See gallery of storm photos, photos sent by readers

El Paso Times Sunday, Aug. 6, 2006

Socorro

Continued from 1A

the dirt. If that water comes back down like it did (Friday), we'll be in a world of ... (trouble)."

Residents of the neighborhood said they quickly evacuated late Friday and found temporary shelter at the nearby Gandara Ballroom. About a dozen people stayed overnight at the Tigua Reservation's Ysleta del Sur Wellness Center, one of the city's shelters.

Art Sinclair, governor of the Tiguas, said all evacuees had left the Wellness Center by late Saturday morning and had not returned Saturday night.

Sinclair said about 30 Texas National Guard soldiers were sent to the Socorro area.

The Texas Department of Transportation, El Paso County work crews and the Socorro police and fire departments were also helping efforts in the Valley Ridge neighborhood.

Socorro Fire Department Lt. Samuel Magallanes said the department was rationing sandbags and providing each resident with two or three to block off their front doors if necessary.

Despite the widespread property damage in Socorro, no injuries were reported.

Socorro Mayor Trini Lopez estimated that hundreds of thousands of tons of sand must be carried out of the Valley Ridge neighborhood, which he said would probably take several days to clear.

"It's great damage," he said. "One of the hills has started to collapse and was converted to a river or a big arroyo or a creek."

Darren Meritz may be reached at dmeritz@elpasotimes.com; 546-6127.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

RICK PERRY
Governor

MICHAEL GERBER
Executive Director

August 3, 2006

The Honorable Trinidad (Trini) Lopez
Mayor, City of Socorro
124 S. Horizon Blvd
Socorro, TX 79927

RE: HOME Program Contract #542052
Denial of Amendment Request #2

Dear Mayor Lopez:

The Texas Department of Housing and Community Affairs (Department) is in receipt of a request for a second extension to HOME Investment Partnerships Program (HOME) contract #542052. The first extension request, approved on August 2, 2005, extended the end date one year through September 30, 2006. When the first amendment was requested and approved, The City of Socorro (City) assured the Department that all contract requirements would be completed by the amended contract end date.

The City's second amendment request states that employee turnover, the procurement process for hiring a consultant, and difficulty in obtaining financing for the participants are the main causes for the delays. However, the causes noted by the City for failure to complete all activities within the 36-month contract term are not sufficient to substantiate the multiple delays. The City's failure to complete contract performance requirements within the amended contract term results in a significant decrease in benefit to the Department and to the City. Because the approval of a second extension is not justified, the Department has determined that this second amendment request cannot be approved at this time.

Pursuant to 10 Texas Administrative Code §1.7, the City may appeal this decision to the Department's Governing Board. To have the appeal considered, it must be received by Kelly Crawford, Acting Director of Portfolio Management and Compliance, no later than August 10, 2006 to allow sufficient time for the Department to submit it to the Governing Board.

If the City does not wish to appeal the decision, please sign and return the enclosed Certificate of Completion. Once received, the Department will close the contract and proceed with the deobligation of funds.

The Department appreciates the City's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Kelly Crawford, Acting Director of Portfolio Management and Compliance at kelly.crawford@tdhca.state.tx.us or (512)475-3262.

Sincerely,

Michael Gerber
Executive Director

MG/LRT

Enclosure: Certificate of Completion

Trini Lopez
Mayor
Sergio Cox
At Large
Josie Trillo
Ditrict 1
Mary E. Perez
District 2

Victor Perez
District 3
Alfonso Gutierrez
District 4
Carol Garcia
City Manager

June 19, 2006

Ms. Ruth Cedillo, Director
Portfolio Management & Compliance Division
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711

Re: Homebuyer Assistance Contract Number 542052 – Second Extension Request

Dear Ms. Cedillo:

The City of Socorro is requesting an additional six-month's extension for the above-referenced contract, *(executed May 2004)* which is scheduled to end on September 30, 2006. We believe there are special circumstances that justify this request and are requesting the approval of the TDHCA Governing Board.

The following constitutes the basis of our request for this second and final extension.

1. Prior to my being elected Mayor, the City proposed assigning employees from three of its departments to implement the program, i.e., Yolanda Rodela, Maria Campos and Alejandra Magallanes from the Community Development Department; Reyes Fierro and Mario Modesto from the Planning Department; and Rosa Avalos from the Accounting Department. Their resumes reflected an adequate level of expertise to administer the project in a timely manner. However, in mid-2005 an internal review of these departments revealed that, in actuality, this was not the case. There were numerous errors, omissions and complaints (with this project and other City projects) that ultimately led the City Manager to completely eliminate the Community Development Department, terminate the two Planning Department and one Accounting staff that had been assigned to the Project. The re-assignment of civil staff and the dissolution of the department was a cumbersome and difficult process. Shortly after taking this action, the former City Manager was terminated and a new City Manager, Carol Garcia, was appointed. Another employee from the General Administration Department, Diana Marroquin, was reassigned to the program. However, she had not received training from the former employees and needed to learn how to administer the program on her own (under the direction of the new City Manager).

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JUN 22 2006
COMPLIANCE

2. Due to our City Charter, the City could not reinstitute the Community Development Department until the next fiscal budget year. We anticipate reinstating the Community Development Department by October 1, 2006. This led to the City's decision to outsource the administration of this project to a consultant. The procurement process resulted in additional delays.

3. The City procured the El Paso Collaborative for Community and Economic Development as a Consultant to this project. The Collaborative's staff (Delia Ponce-Chavez, Joanna Guillen, and Kathy Hernandez) assigned to this project are TSHEP-certified Housing Counselors. With their knowledge and expertise the City of Socorro feels confident that the additional six-month extension will allow the program to assist our constituents. The Homebuyer Assistance Program is moving along smoothly at this time.

4. The City has provided homebuyer assistance to 30 of the 50 households in the original application. Another 20 are in the pipeline as of today.

5. Participants have encountered difficulties obtaining financing. Unfortunately the proposal (which was outsourced and not written internally) did not include a guideline that only participants that can obtain financing at or slightly above prime rates would receive assistance. This has resulted in the City's having to process homebuyer assistance requests from persons that are not ready for homeownership, or contrarily, obtain financing at sub-prime interest rates. In addition, the project waiting list had outdated information which, again, took time to update. Some persons were no longer interested, others had already purchased a home, and still others were no longer eligible for assistance.

6. Residents of the City of Socorro need homebuyer assistance. They are not eligible to obtain USDA Rural Development financing. Loss of funding will impact the families currently in the pipeline as well as the 20 families currently on the waiting list.

7. The City plans to continue to seek resources that will improve its homeownership rate, since it is a well-known fact that homeownership produces an array of positive outcomes that stabilize communities. Loss of this most-important funding and the inability to re-apply in upcoming funding cycles would be most detrimental to our residents.

We hope that TDHCA Staff and Governing Board will look favorably upon this request and provide the City of Socorro with another opportunity to invest precious HOME dollars in well-deserving community residents.

Sincerely,

Trinidad (Trini) Lopez
Mayor

TDHCA HBA Contract 542052

City of Socorro

Active List

	NAME	FAMILY SIZE	AMFI	PRE-QUALIFIED	COMMENTS
1	Francisco & Rosalinda Camarillo	4	77%	Yes	Family has contract pending environmental
2	Crystal Apodaca	3	40%		Processing application
3	Juan & Yvonne Ceniceros	4	73%		Processing application
4	Raquel Rubio	3	44%		Processing application
5	Patricia E. Johnson	1	71%		Processing application
6	Francisco Cerda	3	54%	Yes	In process of qualifying for a loan
7	Oscar & Ana Davalos	4	66%		Processing application
8	Humberto & Andrea Castaneda	7	29%		Processing application
9	Elizabeth Estrada	4	30%		Processing application
10	Roberto Ibarra	4	70%		Processing application
11	Federico Solo	5	45%		In process
12	Karla D. Sanchez	2	66%	Yes	Pending additional check stubs
13	Lisa M. Samad	3	47%	No	Pending additional bank statements
14	Blanca Garcia	4	71%		Processing application
15	Jesus M. Castanon	8	49%		Processing application
16	Jose & Ana Hernandez	4	63%	No	Need to prepare HIC
17	Saul Amesquita	4	48%		Processing application
18	Alfonso Gojara	3	66%		Processing application
19	Adrian Barrientoz	3	59%		Processing application
20	Ruben Lopez	5	34%		Processing application
21	Martha Gamez-Limon	3	39%		Processing application
22	Gabriela Romero	3	68%	No	In process of qualifying for a loan
23	Francisco Cerda	3	60%		Processing application
24	Hugo Ortega	4	78%		Processing application
25	Timothy Plummer	5	79%	Yes	In process--loan/Contract closing Aug
26	Vanessa Becerra	3	67%		In process of qualifying for a loan
27	Amalia Moreno	1	30%		In process of qualifying for a loan
28	Brenda Salas	3	75%		In process of qualifying for a loan
29	Joel Saenz	2	65%		In process of qualifying for a loan
30	Maria Luisa Garcia	1	41%		In process of qualifying for a loan
31	Salvador & Maria Nunez	3	80%		In process of qualifying for a loan
32	Marisela Robledo	3	60%		In process of qualifying for a loan
33	Omar A. & Mariam L. Guevara	3	60%		In process of qualifying for a loan
34	Maria Carbajal	1	45%		In process
35	Sergio Flores	5	30%		In process
36	Hugo Ortega				In process
37	Victor Moriel	4	50%		In process
38	Alcelmo Reyes	5	30%		In process

Contract #542052 > Allocation Details

CSAS Number(s): 542052

CONTRACT FUNDS

Fund	Funded	Committed	Uncommitted	Refunded	Draw	Available for Draw	Trans Hist	Draw Hist
HUD HOME 2002 > HOME 2002 Admin > Contract 542052	$20,000.00	$0.00	$20,000.00	$0.00	$4,358.54	$15,641.46		
PI HOME 2003 > HOME 2003 Project > Contract 542052	$5,532.53	$5,532.53	$0.00	$0.00	$5,532.53	$0.00		
PI HOME 2004 > HOME 2004 Project > Contract 542052	$10,000.00	$10,000.00	$0.00	$0.00	$10,000.00	$0.00		
HUD HOME 2002 > HOME 2002 Project > Contract 542052	$484,467.47	$254,467.47	$230,000.00	$0.00	$194,467.47	$290,000.00		
Total	$520,000.00	$270,000.00	$250,000.00	$0.00	$214,358.54	$305,641.46		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOME PROGRAM CONTRACT #542052
HOMEBUYER ASSISTANCE
FIRST AMENDMENT

Section 1

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (Department) and the **CITY OF SOCORRO** (Administrator), a Political Subdivision of the State of Texas do hereby contract and agree to amend the original contract by and between the parties, effective October 1, 2003, and identified on Department's records as HOME Contract #542052 (Contract).

Section 2

The parties hereto agree that under the terms of Section 2 of the Contract, Contractor is authorized to administer one or more eligible HOME activities in accordance with the HOME Investment Partnerships Act of 1990, 42 U.S.C. 12701 et seq. and implementing regulations under 24 CFR Part 92.

Section 3

The parties hereby agree to amend the Contract identified in Section 1 above so that Section 1, Contract Period, is revised to read as follows:

The Contract shall be effective and commence on October 1, 2003 and shall terminate on September 30, 2006, unless otherwise specifically provided herein ("Contract Period").

Section 4

The parties hereto agree to amend the contract identified in Section 1 above so that Exhibit A, Performance Statement, is revised to read hereafter as given in the Performance Statement attached to this amendment, hereinafter referred to as Exhibit A, and hereby made a part of this amendment. Exhibit A consists of (2) pages.

By execution of this Contract, Administrator agrees and represents to Department as follows:

Administrator will comply with timetable as specified in the Program Schedule of your 2002-2003 HOME Homebuyers assistance Program application.

All eligible program work funded by this contract must be completed by **September 30, 2006**. The Department reserves the right to make payment up to sixty (60) days after the contract expiration date for work performed within the contract period.

The Certification of Contract Completion must be completed and submitted within sixty (60) days after the contract expiration period.

Section 5

The parties hereto agree that all other terms of the Contract shall remain in effect as therein set forth and shall continue to govern except to the extent that said terms conflict with the terms of this amendment. Each capitalized term not expressly defined herein shall have the meaning given to such term in the Contract.

Section 6

This amendment shall be effective on the date of execution.

Section 7

By signing this amendment the parties expressly understand and agree that its terms shall become a part of the Contract as if they were set forth word for word therein. This amendment shall be binding upon the parties hereto and their respective successors and assigns.

AGREED TO AND EXECUTED BY:

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

By: Edwina P. Carrington
Edwina P. Carrington
Executive Director

Date: 8/10/05

CITY OF SOCORRO

By:
Name: Guillermo Gandara, Jr.
Title: Mayor

Date: July 19, 2005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

EXHIBIT A

PERFORMANCE STATEMENT

CITY OF SOCORRO,
A POLITICAL SUBDIVISION OF THE STATE OF TEXAS

Administrator shall carry out the following activities identified in its 2002-2003 HOME Program Homebuyer Assistance Application Number(s): 2003-0152.

HOMEBUYER ASSISTANCE PROGRAM
Administrator shall implement a Homebuyer Assistance Program in accordance with 24 C.F.R. Part 92. Administrator shall submit to the Department Program Design Options for Departmental approval prior to setting up an activity or utilizing project funds.

Administrator shall implement a Homebuyer Assistance Program utilizing deferred, forgivable loans to assist **FORTY ONE (41)** homebuyers. Each loan, not to exceed **$10,000.00**, will be zero percent (0%) interest over ten (10) years, forgivable at a rate of ten percent (10%) per year of assisted homebuyer occupancy. Each loan shall be evidenced by a 2nd or 3rd Lien Note and Deed of Trust against the property and shall be repayable upon sale of the home, whether voluntary or involuntary; the assisted homebuyer ceases to occupy the property as his or her principal residence; refinance; or payoff of first lien Note, whichever is first to occur.

All loans to assisted homebuyers must be evidenced by loan documents approved by Department. Each loan to an assisted homebuyer must be payable to Administrator and then transferred to Department.

In the event of sale of the home, the assisted homebuyer will repay the loan balance from the net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

In the event of refinance, at Department's discretion one of the following options will apply:

(1) re-subordination of the Note if the assisted homebuyer can provide documentation, acceptable to the Department, showing that no funds are due the assisted homebuyer as a result of the refinance; or

(2) the assisted homebuyer will pay off the second or third lien Note from loan proceeds.

In the event of payoff of the first lien Note, the assisted homebuyer will have the option of:

(1) repaying the balance of the second or third lien Note in full; or

(2) repaying the balance of what now becomes the first lien or second lien Note in equal monthly installments over a five (5) year period.

Administrator is limited to serving households located in Socorro, El Paso County, Texas, in a jurisdiction that is not a participating jurisdiction, as defined in 24 C.F.R Sec. 92.105, and in Uniform State Service Region, **Thirteen (13)**, unless otherwise approved by Department.

All **Forty One (41)** households assisted must have incomes that are eighty percent (80%) or less of the Area Median Family Income, as defined by HUD.

Each unit must, at a minimum, meet the Texas Minimum Construction Standards (TMCS) or the Colonia Housing Standards, if located in a Colonia.

MATCH

Administrator will provide match funds in the total amount of **Thirty Nine Thousand Five Hundred and No/100 Dollars ($39,500.00)**, as specified in your HOME Application as follows: $39,500.00 from the City of Socorro in the form of cash, and in-kind professional services for homebuyer counseling.

Match funds must be reported on a pro rata basis based on draws. Support documentation evidencing the match contribution must be submitted by the Administrator upon request for disbursement of funds for each project assisted, in accordance with 24 C.F.R. Part 92 and the HOME Program Policy and Procedure Manual.

ADMINISTRATION

Administrator may expend funds provided under this contract for reasonable administrative and planning costs directly related to this contract in accordance with Sections 3, 4, and 5 of this contract and 24 C.F.R 92.207, in an amount that is not more than four percent (4%) or **TWENTY THOUSAND and No/100 Dollars ($20,000.00)**, of the total amount of funds received under this contract.

Administrator shall be allowed to draw up to ten percent (10%) of the actual allowable administrative costs incurred at the initial stage of the contract, with the remaining ninety percent (90%) funded on a pro rata basis, based on draws.

HOMEBUYER TRAINING PROGRAM

Administrator must provide a Homebuyer Training Program to all homebuyers assisted under this contract. The local Homebuyer Training Program may include, but is not limited to, Financial Management, Homebuyer Training, Education, Job Training (Placement), Health Care, and Counseling Services. Administrator shall maintain a file containing all activity relating to efforts made to guide recipients toward home ownership.

Guillermo Gandara Jr.
Mayor

Gary Gandara
At Large

Luis Varela
District 1 /Mayor Pro Tem

CITY OF SOCORRO
1691
TEXAS

Mary E. Perez
District 2

Trini Lopez
District 3

Jesus Gandara Jr.
District 4

May 6, 2005

Lucy Trevino
Acting Manager for Portfolio Management
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Re: Extension request on Contract No. 542052
First Time Homebuyer Program

Dear Ms. Trevino:

The City of Socorro submitted a few weeks ago a request to amend our contract regarding the requirement to fund thirteen (13) applicants within the 30% income levels. In conjunction with this amendment request we are informed by TDHCA that the city would need to also submit in writing a request for an extension on our contract. The Texas Department of Housing and Community Affairs would then submit both requests.

Since our contract was not signed by both the city and the Texas Department of Housing and Community Affairs (TDHCA) until May 10 & 14, 2004 we are requesting a one (1) year extension on our contract. The city anticipates having 50% of the funds committed by the September 30, 2005 date.

We will be happy to provide you with any additional information you may need in order to process these requests. Please give us a call at (915) 872-9245 if you need any other documentation.

Sincerely,

Guillermo Gandara, Jr.
Mayor

Enclosures
cc: Homebuyer Administrative File

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MAY 1 1 2005
COMPLIANCE

Guillermo Gandara Jr.
Mayor

Gary Gandara
At Large

Luis Varela
District 1 /Mayor Pro Tem

CITY OF SOCORRO
1691
TEXAS

Mary E. Perez
District 2

Trini Lopez
District 3

Jesus Gandara Jr.
District 4

Val -
- Please log in 'listing'
- get compliance & process.
- Check on 9/30/05 end date - do they need extension?
- should they income to 40 instead of 50 · would their scoring be affected?
If they want them in 50% and it doesn't affect their scoring

April 11, 2005

Lucy Trevino
Acting Manager for Portfolio Management
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Re: Amendment Request on Contract No. 542052
First Time Homebuyer Program

Dear Ms. Trevino:

The contract between the City of Socorro and the Texas Department of Housing and Community Affairs (TDHCA) calls for a number of applicants to be under a certain income level. We have had no problem with the 50% and 80%, however the 30% is difficult because these applicants cannot get financing through a financial institution because they do not have sufficient income to pay the debt. The thirteen (13) that were shown in our application are not in the program because of the following reasons:

1. Nine did not reply to our Certified Mail/Return Receipt letters.
2. Four did not wish to continue with the program.

We have had additional applicants with their income within the 30% Level however, they were unable to get financing because their income is too low. It appears that it is going to be difficult to find a financial institution that will approve to finance these individuals. Since the City of Socorro has no control over this, we wish to request an amendment to our contract to allow us to fund those within the 40% to 50% Level.

Enclosed is the list of the original thirteen (13) applicants as well as a copy of our current waiting list. We ask for your favorable consideration to this situation.

Please give us a call at (915) 872-9245 if you need any further information.

Sincerely,

Guillermo Gandara, Jr.
Mayor

Enclosures
cc: Homebuyer Administrative File

COMPLIANCE
APR 26 2005
RECEIVED

STATUS ON ORIGINAL APPLICANTS AT 30%

Almanzar, Angie	30%	mailed Certified Mail/Return Receipt 9/15/2004	NO REPLY
Alvarez, Griselda	30%	mailed Certified Mail/Return Receipt 9/15/2004	NO REPLY
Carrasco, Rebecca	50%	approved at income 50%/then closed applicant requested	HAS BEEN APPROVED INCOME IS $14,828.30/family of 2
Chavira, Margarita	30%	mailed Certified Mail/Return Receipt 9/13/2004	Returned as Unclaimed Mail
Garcia, Gabriela	30%	mailed Certified Mail/Return Receipt 9/15/2004	NO REPLY
Garcia, Julio	30%	mailed Certified Mail Return Receipt 9/13/2004	NO REPLY
Hernandez, April	60-80%	maile[illegible] Certifie[illegible] Mail/Return Receipt 9/15/2004	Family at 60-80%-did not reply, no longer in the program.
Juarez, Carmen	30%	mail[illegible] Certifie[illegible] Mail Return Receipt 9/15/2004	SCHEDULED FOR 10/13/2004/Was a No Show/Mailed Notice-NO REPLY
Ocon, Rodrigo	30%	mailed Certified Mail Return Receipt 9/13/2004	SCHEDULED FOR 10/08/2004/Was a No Show/Mailed Notice-NO REPLY
Ortiz, Walter	30%	mailed Certified Mail Return Receipt 9/13/04	Scheduled for 9/16/2004 NO SHOW/never replied after that
Perez, Dolores	30%	applicant was interviewed then decided not to continue	Closed at applicants request -APPLICANT DECLINED ASSISTANCE
Sera, Raymundo	50%	applicant decided not to continue program	WAS APPROVED- INCOME at $18,324.38
Rodriguez, Cecilia	50%	decided not to continue-lender asked-more down payment	WAS APPROVED- INCOME IS $21,807.61

4/11/2005

WAITING LIST

4/11/2005

No.	%	Name	Phone	family size	Income	Income Limit	Comments
1	50%	Salazar, Miguel & Rosas Leticia	858-7352	5	$21,000.00	$36,650.00	% according to application
2	40%	Gonzalez, Victor & Marisol R.	872-1432	3	$14,623.00	$30,550.00	% according to application
3	50%	Trevino Flores, Xochilt	872-9325	4	$21,000.00	$33,900.00	% according to application
4	40%	Ortega Miranda,	772-0949	4	$15,600.00	$33,600.00	% according to application
5	50%	Garcia, Omar A. & Frances F.	858-7830	5	$21,000.00	$30,850.00	% according to applition
6	40%	Almanzar, Maria	700-0480	1	$11,724.00	$23,750.00	% according to applition
7	50%	Sera, Raymundo	877-0918	5	$18,374.90	$36,650.00	requested to be placed on waiting list
8	50%	Lara, Manuel M. & Monica	629-0724	4	$31,185.00	$33,900.00	% according to application
9	50%	Soto, Ricardo & Alba	860-1892	4	$31,183.00	$33,900.00	% according to application
10	40%	Diaz, Antonia	855-9979	3	$12,000.00	$30,550.00	%according to applition
11	60%	Gonzalez, Joseph & Sylvia	858-3400	4	$21,000.00	$33,500.00	% according to application
12	40%	Corral, Marisela	860-8301	5	$25,000.00	$36,650.00	% according to application
13	60%	Valenzuela, Rafael & Celia	872-1570	5	$25,000.00	$36,650.00	% according to application
14	50%	Sanchez, Alejandro & Darlene	859-2075	4	$17,280.00	$33,600.00	% according to application
15	60%	Gutierrez, Ricardo & Idela	860-0595	5	$35,741.35	$36,650.00	% according to application
16	60%	Leyva, Yvonne	771-7098	4	$22,000.00	$33,900.00	% according to application
17	60%	Casas, Marisol	771-0222	4	$18,534.00	$33,900.00	% according to application/placed on waiting list at applicants request
18	60%	Castrejon, Sergio & Patricia	831-9342	3	$24,960.00	$36,630.00	% according to application
19	40%	Sustaita, Rose	839-7606	2	$10,213.00	$27,150.00	% according to application
20	80%	Delgado, Miguel A. & Torres Brenda L.	860-1115	3	$39,388.00	$30,530.00	% according to application
21	40%	Cortes, Luis C. & Abigail	449-7967	4	$16,636.00	$33,900.00	% according to applition
22	50%	Robinson, David & Susana	594-1688	5	$19,000.00	36,630.00	% according to application
23	80%	Salais, Melchor & Laura	588-0458	2	$26,120.00	$27,150.00	% according to application
24	40%	Sustaita, Rose	839-7606	2	$10,212.00	$27,150.00	% according to application
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Mayor Protem
JUAN GARCIA

Alderpersons
OMAR R. DE LEON
ANGEL MALDONADO, SR.
DIANA FE WHITE
LYTLE WRAY ARCHE

Mayor
ABEL B. GONZALEZ

City Administrator
RACHEL HERNANDEZ

City Secretary
CONRADO LONGORIA

117 N. Front Street Cotulla, Texas 78014 Phone (830) 879-2367
E-mail cotullacity@granderiver.net Fax (830) 879-3285

August 9, 2006

Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711

RE: HOME Program Contract 1000020

Dear Mr. Gerber:

Our Grant Consultant, Robert Chavira of SMi Consultants, has resigned his position with the City of Cotulla. We are respectfully requesting to be placed on the August Board meeting agenda. We will request a six (6) month extension of the above referenced contract.

We are in various stages of completion on all 10 homes, from demolition to sheet-rock. All 10 homes have been demolished the extension is mandatory so the City can complete these homes.

If you have any questions please call our City Administrator, Rachel Hernandez, at the above phone number. Thank you in advance for your attention to this matter and we pray for relief.

Respectfully,

Abel B. Gonzalez

Abel B. Gonzalez
Mayor

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

August 7, 2006

The Honorable Abel B. Gonzalez
Mayor, City of Cotulla
117 N. Front Street
Cotulla, TX 78014

RE: HOME Program Contract #1000020
Denial of Amendment Request #2

Dear Mayor Gonzalez:

The Texas Department of Housing and Community Affairs (Department) is in receipt of a request for a second extension to HOME Investment Partnerships Program (HOME) contract #1000020. The first extension request, approved on December 29, 2005, extended the end date six months through May 31, 2006. When the first amendment was requested and approved, The City of Cotulla (City) assured the Department that all contract requirements would be completed by the amended contract end date.

The City's second amendment request states that your consultant resigned on June 14, 2006 and this is the main cause for the delays. However, the causes noted by the City for failure to complete all activities within the 30-month contract term are not sufficient to substantiate these delays. The City's failure to complete contract performance requirements within the amended contract term results in a significant decrease in benefit to the Department and to the City. Because the approval of a second extension is not justified, the Department has determined that this second amendment request will not be approved.

Pursuant to 10 Texas Administrative Code §1.7, the City may appeal this decision to the Department's Governing Board. To have the appeal considered, it must be received by Kelly Crawford, Acting Director of Portfolio Management and Compliance, no later than August 14, 2006 to allow sufficient time for the Department to submit it to the Governing Board.

If the City does not wish to appeal the decision, please sign and return the enclosed Certificate of Completion. Once received, the Department will close the contract and proceed with the deobligation of funds.

The Department appreciates the City's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Kelly Crawford, Acting Director of Portfolio Management and Compliance at kelly.crawford@tdhca.state.tx.us or (512)475-3262.

Sincerely,

Brooke Boston for

Michael Gerber
Executive Director

MG/LRT

Enclosure: Certificate of Completion

Judith Zaffirini
State Senator, District 21
President Pro Tempore, 1997

Committees
Vice Chair, Finance
Chair, Subcommittee on Capital Funding for Higher Education
Legislative Budget Board

Committees
Education
Health and Human Services
International Relations and Trade
Subcommittee on Higher Education

August 4, 2006

Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711

Dear Mr. Gerber:

Thank you for your leadership in improving the quality of life for Texas families through your agency's essential work on housing and community development.

This letter is to support the request of Cotulla Mayor Abel B. Gonzalez for a six-month extension of Home Program Contract #1000020. I hope that you look favorably upon their request by granting the contract extension allowing the City of Cotulla to reinitiate the program after the resignation of Grant Consultant Robert Chavira of SMi Consultants.

Please contact me or my staff for additional information or whenever we may be of assistance.

May God bless you.

Very truly yours,

Judith Zaffirini

Judith Zaffirini

JZ/na

XC: Kelly Crawford, Acting Director of Portfolio Management & Compliance, TDHCA

Enc: Letter from Cotulla Mayor Abel B. Gonzalez

Capitol Office: P.O. Box 12068 • Austin, Texas 78711 • 512/463-0121 • Fax 512/475-3738 • Dial 711 For Relay Calls
South District Office: P.O. Box 627 • Laredo, Texas 78042-0627 • 956/722-2293 • Fax 956/722-8586
North District Office: 12702 Toepperwein Road #214 • San Antonio, Texas 78233 • 210/657-0095 • Fax 210/657-0262

TEXAS DEPARTMENT OF HOU' 'G AND COMMUNITY AFFAIRS

OCC 06-120

RUSH	
Highlight if Rush Item	
Routing #	
Contractor/Borrower	
Contract/Loan #	1000020
FFY:	

INTERNAL CONTRACT and/or LOAN DOCUMENT ROUTING SHEET

RESPONSIBLE DIVISION - PORTFOLIO MANAGEMENT

[ ] Original   [X] Amendment No: 1

Administrator:	Cotulla			Contact Person:	Juan	Dominguez
Address:	117 N. Front St.			Telephone:	(830) 879-2367	
City/State/Zip:	Cotulla	TX	78014	FAX:	(830) 879-3285	

Purpose of Contract Amendment:

Administrator is requesting a five month extension. TDHCA recommends a six month extension.

Type of Contract or Loan Document:	OCC			
Current Contract or Loan Amount: (if applicable)	$520,000.00	Period Covered:	12/1/2003	11/30/2005
Budget Change:		New Covered Period	12/1/2003	5/31/2006
New Budget: (if applicable)	$520,000.00			

Source of Funds: HOME

Division Contact : Valerie Gonzales 475-1431

FOR LEGAL USE ONLY
Consulting Contract? [ ] YES [✓] NO
Professional Contract? [ ] YES [✓] NO

Comments:

Legal Services

[REQUIRED]
ALL BOARD SPECIAL CONDITIONS HAVE BEEN INCLUDED IN CONTRACT: [ ] YES [ ] NO [✓] N/A — Div. Dir. Initials

[REQUIRED] AUDIT MONITORING ISSUES CLEARED: [ ] YES [ ] NO [✓] N/A — Div. Dir. Initials

Mgr. Initials YH

	DIVISION DIRECTOR	DEPUTY EXECUTIVE DIRECTOR	LEGAL	ACCOUNTNG	OPS (Contractor/ Borrower)	SIGNED BY EXECUTIVE DIRECTOR
Date Received:		11/23/05				
Initials:	Abdullo	BN.	ACh	N/A	N/A	CDPO
Date Returned for Clarification:						
Date Received:			11/29/05			12/29/05

12-29

12-29

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOME PROGRAM CONTRACT #1000020
OWNER OCCUPIED ASSISTANCE
FIRST AMENDMENT

Section 1

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, (Department), a public and official agency of the State of Texas and the **CITY OF COTULLA** (Administrator), a political sub division of the State of Texas do hereby contract and agree to amend the original contract by and between the parties, effective September 1, 2003, and identified on Department's records as HOME Contract #**1000020** (Contract).

Section 2

The parties hereby agree to amend the Contract identified in Section 1 above so that Section 1, Contract Period, is revised to read as follows:

The Contract shall be effective and commence on September 1, 2003 and shall terminate on May 31, 2006, unless otherwise specifically provided herein (Contract Period).

Section 3

By execution of this Contract, Administrator agrees and represents to Department as follows:

All eligible program work funded by this contract must be completed by **May 31, 2006**. The Department reserves the right to make payment up to sixty (60) days after the contract expiration date for work performed within the contract period.

The Certification of Contract Completion must be completed and submitted within sixty (60) days after the contract expiration period.

Section 4

The parties hereto agree that all other terms of the Contract shall remain in effect as therein set forth and shall continue to govern except to the extent that said terms conflict with the terms of this amendment. Each capitalized term not expressly defined herein shall have the meaning given to such term in the Contract.

Section 5

This amendment shall be effective on the date of execution.

Section 6

By signing this amendment the parties expressly understand and agree that its terms shall become a part of the Contract as if they were set forth word for word therein. This amendment shall be binding upon the parties hereto and their respective successors and assigns.

AGREED TO AND EXECUTED BY:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: Edwina P. Carrington
Edwina P. Carrington
Executive Director

Date: 12/29/05

CITY OF COTULLA

By: Allen Garcia Mayor Pro Tem
Name: Juan Dominguez
Title: Mayor

Date: 12/19/05

Mayor Protem
JUAN GARCIA

Alderpersons
LUCIO CABELLO
ANGEL MALDONADO, SR.
DIANA FE WHITE
LYTLE WRAY ARCHE

Mayor
JUAN R. DOMINGUEZ

City Administrator
HIGINIO MARTINEZ, JR.

City Secretary/Asst. CA
MELISSA L. GONZALEZ

117 N. Front Street Cotulla, Texas 78014 Phone (830)879-2367
E-mail cotullacity@granderiver.net Fax (830)879-3285

October 24, 2005

Ms. Lucy Trevino
Manager, Portfolio Management
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: HOME Program Contract No. 1000020; Request for Contract Extension

Dear Ms. Trevino:

This letter serves as the City of Cotulla's request to extend its HOME Program contract expiration date to April 28, 2006, to complete all obligated housing activities under its contract with Texas Department of Housing and Community Affairs (TDHCA). The City Council of the City of Cotulla has approved a homeowner applicant selection list, environmental assessments have been completed for the top ten priority homeowners (see list below), a general contractor has been procured, and project activity set-up documents have been submitted to TDHCA committing a total amount of $500,000. Below is a list of the homeowners:

Homeowner Name	Property Address	Project Funds Committed
Mary F. Vasquez	712 Baker St., Cotulla	$ 50,000.00
Margarita DeHoyos	802 S. Baylor St., Cotulla	$ 50,000.00
Guadalupe Martinez	210 Stadium Dr., Cotulla	$ 50,000.00
Rosa Maria Diaz	206 Baker St., Cotulla	$ 50,000.00
Ramon Tellez	506 – 2nd St., Cotulla	$ 50,000.00
Maria Irma Rodriguez	908 Alta Vista St., Cotulla	$ 50,000.00
Rachel Ramirez	602 E. Stewart St., Cotulla	$ 50,000.00
Gustavo Ayala	610 Johnston St., Cotulla	$ 50,000.00
Josephina Martinez	211 Stadium St., Cotulla	$ 50,000.00
Maria Martinez	218 Stadium St., Cotulla	$ 50,000.00
	Total	$500,000.00

The main causes for not fully completing all activities within the original contract expiration date are as follows:

1. Although TDHCA's contract has an effective date of December 1, 2003, the contract was not fully executed until February 3, 2004, and received by the City of Cotulla on or about February 10, 2004. Therefore, implementation on the HOME Program could not begin until after the City of Cotulla was in receipt of their fully executed contract.

2. Unlike some HOME Program Administrators that distribute their housing assistance on a first-come, first served basis, the City of Cotulla's distribution process is based on a scoring system that rates an applicant on two criteria, Income and Degree of substandard housing condition. An applicant is awarded points from a pre-determined scoring system that factors an applicant's income in comparison to the applicable income limit, and the substandard conditions of the applicant's dwelling. The weighted system awards more points to an applicant with the lowest income, and the worst housing conditions. Therefore, considerable time was taken to review all applicants for income eligibility, and the determination of the applicant's scores. NOTE: The HOME assistance distribution system is further described in the City of Cotulla's Program Design.

3. The City of Cotulla's HOME Program is targeted to households whose dwellings were damaged or destroyed by heavy rains and/or flooding that occurred during June and July 2002, and subsequently declared a disaster. Considerable time was taken to verify eligibility of all applicants who claimed damages to their dwelling caused by the storms during that time period. Homeowners were required to present documentation proving damage by this specific storm (e.g., documents received by American Red Cross, FEMA, etc). Homeowner Certifications were not accepted in lieu of documentation.

4. A small pool of qualified and registered (Texas Residential Construction Commission) contractors exist in the Cotulla area. There is not much interest in the HOME Program due to the smaller size of the homes that are to be constructed or rehabilitated in comparison to the higher profit margin construction work in the area. Furthermore, the City of Cotulla has found that many contractors in the area lack the necessary credit from financial institutions and building material suppliers to participate in the HOME Program. Ultimately, only a single eligible contractor was selected to perform construction work on the City's ten dwellings.

Should you have any questions or need additional information, please feel free to contact Mr. Higinio Martinez, City Administrator, at (830) 879-2367 or Mr. Robert L. Chavira, SMi Consulting, at (512) 891-0459.

Sincerely,

Juan Dominguez
Mayor
City of Cotulla

City of Cotulla
HOME Contract No. 1000020

Proposed Construction Schedule

Work	Completion Date
Complete Demolition and Site-Preparation Work	11/25/05
Complete Rough-In Plumbing and Foundation Work	12/16/05
Complete Framing, Roofing, Exterior Surface, and Cornice Work	01/27/06
Complete Trade Work (HVAC rough-in, electrical rough-in, and plumbing top-out)	02/17/06
Complete Exterior Paint, Insulation, Drywall, and Interior Trim Work	03/03/06
Complete Interior Paint, Flooring, and Cabinet Work	03/24/06
Complete Hardware, Lighting, and Flat Work	04/14/06
Complete Final Punch List	04/28/06

LA SALLE COUNTY
Office of The County Judge

101 Courthouse Square
Cotulla, Texas 78014

Phone: (830) 879-4430
Fax: (830) 879-4431

August 2, 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: HOME Program Contract No. 1000028; Appeal of Denial for Contract Extension

Dear Mr. Gerber:

La Salle County hereby submits this appeal to the Board of Directors of the Texas Department of Housing and Community Affairs (TDHCA) to reverse the decision to decline the County's request to extend its HOME Program contract expiration date, and allow the County to complete construction of the following six single family homes that were in progress:

Activity #	Homeowner Name	Property Address	Construction Type	Percent Complete
23774	Enrique Ayala	105 Thornton St., Cotulla, TX	Reconstruction	75%
23769	Pedro Gonzales	502 Hall St., Cotulla, TX	Reconstruction	60%
23772	Lucio Cabello	502 – 3rd St., Cotulla, TX	Reconstruction	60%
23776	Annabel Y. Gonzalez	1305 Martinez St., Cotulla, TX	Reconstruction	60%
23777	Crystal Garza	406 2nd St., Cotulla, TX	Reconstruction	60%
23770	Nora Lisa Zamudio	712 Storey St., Cotulla, TX	Reconstruction	25%

This appeal is in accordance with 10 TAC 1.7, and the requested contract expiration date is November 30, 2006.

La Salle County has completed construction work on the following four (4) homes (under this same contract), and nine (9) additional homes under a second HOME contract (No. 1000155) that was administered concurrently:

Activity #	Homeowner Name	Property Address	Construction Type	Percent Complete
23768	Marcelino Chavez	Lots 3&4, Block 72, Gardendale	Reconstruction	100%
23771	Ercilia Cruz	1205 Matamoros, Cotulla	Reconstruction	100%
23773	Nora Ayala	201 NE Montemorelos, Cotulla	Reconstruction	100%
23775	Guillermo Flores	Tract 111, River Hgts, La Salle Co.	Reconstruction	100%

RECEIVED

AUG 0 4 2006

COMPLIANCE

HOME Contract No. 1000155:

Activity #	Homeowner Name	Property Address	Construction Type	Percent Complete
23754	A. Southmayd	305 Leonard St., Cotulla	Reconstruction	100%
23755	Carlota Rios	703 Main St., Cotulla	Reconstruction	100%
23756	Baldomero Garcia	507 Rio Grande St., Cotulla	Reconstruction	100%
23758	Polita Ruiz	811 Goft St., Cotulla	Reconstruction	100%
23760	Otis Ward Herman	Lots 11&12, Blk 52, Fowlerton	Reconstruction	100%
23762	Maria Elva Castor	1404 Hidalgo, Cotulla	Reconstruction	100%
23763	Juanita P. Osoria	205 NE Boutwell St., Cotulla	Reconstruction	100%
23765	Bob Auldridge	Lots 11-14, Blk 130, Fowlerton	Reconstruction	100%
23767	Juanita Ramirez	606 Lalo Gonzales St., Cotulla	Reconstruction	100%

The main causes for not fully completing the homes within the expiration date are as follows:

1) TDHCA's standard operating procedures specifically prohibit the processing of contractor request for payments if the Grantee is not current on its financial audit at the time that pay requests are submitted. Since La Salle County was past due in its 2003 financial audit when work was scheduled to begin in early 2005, the County could not afford to begin construction and incur extensive construction costs that could not be reimbursed by TDHCA. Similar circumstances also affected the completion of the County's 2004 financial audit and further delayed construction work schedules. On February 10, 2006, I sent a letter to Mrs. Lucy Trevino explaining that the La Salle County Home Projects were in a position to complete all construction work within the contract period. Furthermore, I proceeded to explain that La Salle County made funds available to cover the cost of construction of all homes on an ongoing basis with the County following up for reimbursement with a request to TDHCA. I also spoke to Mrs. Ann McBeth explaining that we were paying the contractors for work performed and would wait for reimbursements once the audit was completed. La Salle County has since procured another auditing firm (Beyer and Company) and a new County Treasurer will take office in January 2007.

2) Because of La Salle County's remote area, only a small number of qualified contractors were interested in participating in the County's housing program. The smaller home sizes further detracted contractors from the smaller profit margins. Furthermore, we found that the few interested contractors lacked credit from financial institutions and suppliers, and the insurances that are required to participate in the HOME Program. A single contractor, CasMan Construction, ultimately received a majority of the construction contracts. Although La Salle County had knowledge that CasMan Construction was working on similar HOME projects in other nearby communities, the County was assured by CasMan Construction that they had sufficient working capital to sustain all projects, and that work in La Salle County would be completed timely. La Salle County later learned that CasMan Construction did not have the resources needed to keep the projects up and running on an ongoing basis. Casman was over extended and claimed his resources were tied up on other draws from TDHCA.

3) Although La Salle County was not required to match TDHCA's HOME grant, the County committed to the use of its own forces for the demolition of the dilapidated homes, and the disposal of debris. Unfortunately, La Salle County experienced difficulty with the City of Cotulla's waste management contractor in the delivery of waste dumpsters to the project site because the City's contractor was in arrears with their landfill contract in Crystal City, Texas. Therefore, without dumpsters the County could not demolish homes due to health and safety concerns. La Salle County's only alternative was to obtain dumpsters from a sanitation company located approximately 90 miles south of Cotulla near Laredo, Texas. The City of Cotulla has had numerous meeting addressing these issues. There was a

delay in the delivery of dumpsters to Cotulla because of the distance in travel; but, the delay was minimal in comparison to the initial waste management contractor. To date, La Salle County has contributed over $17,500 in donated demolition and disposal costs. Furthermore, La Salle County has contributed $18,560 towards the installation cost of three septic tanks. The absence of containers delayed us approximately 3 months in site preparation. The County of La Salle has 2 track loaders and the resources to demolish all the homes in a couple of weeks but the lack of containers caused delays not only to your project but other projects the County was working on.

4) The recovery efforts from Hurricanes Katrina & Rita had resulted in the untimely delivery of construction materials and supplies to the Cotulla area which originated primarily from San Antonio, Texas (approx. 90 miles north of Cotulla). We understand that the hurricanes were after the contracts were awarded; however, some materials were very hard to obtain because of those two disasters. In 2002, the County suffered from a series disasters stemming from an abnormal amount of rain, the basis of one of these grants. Please note that the homes under this HOME grant contract were initially damaged by the heavy rains and flooding that occurred during June and July 2002, and subsequently declared a disaster by the State of Texas and the U.S. Federal Emergency Management Agency (FEMA). The County was also awarded funds to repair damage to County Roads by FEMA. We had to bid the major contracts out 3 times and get a couple of extensions from the Texas Department of Public Safety Governors Office to be able to complete the contract in January 2006. The smaller contracts were being performed by the County during 2003, 2004 and 2005 using force accounts.

In addition to the causes identified above, the County must also point out that although the effective date of its contract is September 1, 2003, the contract was not fully executed until February 1, 2004, and not received by the County until April 12, 2004. Therefore, La Salle County could not begin implementation of the HOME Program until after receipt of the fully executed contract (seven months after the contract effective date).

Furthermore, the County's grant administrator, SMi Consulting, will no longer be working with La Salle County after completion of this contract. GrantWorks will take over all grant operations thereafter.

To date, thirteen (13) homes are complete, and there is considerable progress in the completion of the six remaining homes. La Salle County is asking the Board of Directors to grant a final extension to complete the remaining construction work because the County is not financially able to absorb the costs related to the unfinished work. La Salle County does not anticipate any further delays and will ensure completion of the homes by the requested extension date. An approval will allow these 6 households to return to safe, decent, and sanitary home. The residents have been patient with the County concerning the delays that we have encountered.

Should you have any questions or need additional information, please feel free to contact me at (830) 879-4430 or cellular telephone (830) 202-1204.

Sincerely,

Joel Rodriguez, Jr.
County Judge

CC: Honorable State Senator Judith Zaffirini, State Senator, District 21
Honorable State Representative Tracy King, District 80
Ms. Lucy Trevino, Manager Portfolio Management
Kelly Crawford, Acting Director of Portfolio Management and Compliance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

RICK PERRY
Governor

Michael Gerber
Executive Director

July 27, 2006

The Honorable Joel Rodriguez, Jr.
County Judge, La Salle County
101 Courthouse Square
Cotulla, TX 78014

Re: HOME Contract #1000028 – Owner Occupied Housing Assistance
Denial of Amendment Request #2

Dear Judge Rodriguez:

The Texas Department of Housing and Community Affairs (Department) is in receipt of a request for a second extension to HOME Investment Partnerships Program (HOME) contract #1000028. The first extension request, approved on December 29, 2005, extended the end date five months through April 30, 2006. When the first amendment was requested and approved, La Salle County (County) assured the Department that all contract requirements including construction would be completed by the amended contract end date.

The County's second amendment request states that audit requirements, demolition, and Hurricane Rita and Katrina recovery efforts are the causes for the delays. However, the 2004 audit was not requested by the Department and did not cause delays in processing reimbursement requests. The County knew that demolition and disposal of debris were program requirements and should have ensured that resources were in place to ensure timely completion. Recovery efforts from Hurricane Katrina and Rita were underway at the time of the first extension, and the County should have allowed sufficient time to ensure timely delivery of construction materials.

The County's failure to complete contract performance requirements within the contract term results in a significant decrease in benefit to the Department and to the County. In addition, the causes noted by the County for failure to complete all activities within the 29-month contract term are not sufficient to substantiate the multiple delays. Because the approval of a second extension is not justified, the Department has determined that this second amendment request cannot be approved at this time.

Pursuant to 10 Texas Administrative Code §1.7, La Salle County may appeal this decision to the Department's Governing Board. To have the appeal considered, it must be received by Kelly Crawford, Acting Director of Portfolio Management and Compliance, no later than August 3, 2006 to allow sufficient time for the Department to submit it to the Governing Board.

If La Salle County does not wish to appeal the decision, please sign and return the enclosed Certificate of Completion. Once received, the Department will close the contract and proceed with the deobligation of funds.

The Department appreciates the County's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Kelly Crawford, Acting Director of Portfolio Management and Compliance at kelly.crawford@tdhca.state.tx.us or (512)475-3262.

Sincerely,

Michael Gerber
Executive Director

MG/LRT

Enclosure: Certificate of Completion

LA SALLE COUNTY
Office of The County Judge

101 Courthouse Square
Cotulla, Texas 78014

Phone: (830) 879-4430
Fax: (830) 879-4431

June 26, 2006

Ms. Lucy Trevino
Manager, Portfolio Management
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: HOME Program Contract No. 1000028; Request for Contract Extension

expired 4/30/06

Dear Ms. Trevino:

This letter serves as La Salle County's request to extend its HOME Program contract expiration date to September 30, 2006, to complete construction of the following six single family homes:

Activity #	Homeowner Name	Property Address	Construction Type	Percent Complete
23769	Pedro Gonzales	502 Hall St., Cotulla, TX	Reconstruction	60%
23770	Nora Lisa Zamudio	712 Storey St., Cotulla, TX	Reconstruction	25%
23772	Lucio Cabello	502 – 3rd St., Cotulla, TX	Reconstruction	60%
23774	Enrique Ayala	105 Thornton St., Cotulla, TX	Reconstruction	75%
23776	Annabel Y. Gonzalez	1305 Martinez St., Cotulla, TX	Reconstruction	60%
23777	Crystal Garza	406 2nd St., Cotulla, TX	Reconstruction	60%

The main causes for not fully completing all activities within the expiration date are as follows:

1. La Salle County experienced difficulty in completing its 2004 financial audit due to various circumstances. The delay in the audit simultaneously delayed the start of construction to avoid the incurrence of extensive construction costs that could not be reimbursed by TDHCA until the audit was complete. In February 2006, La Salle County completed its audit, and construction work began immediately thereafter. Furthermore, La Salle County has since procured another auditing firm (Beyer and Associates), and a new County Treasurer will take office in January 2007.

2. Although La Salle County was not required to match TDHCA's HOME grant, the County committed to the use of its own forces for the demolition of the dilapidated homes, and the disposal of debris. Unfortunately, La Salle County experienced difficulty with the City of Cotulla's waste management contractor in the delivery of waste dumpsters to the project site because the contractor was in arrears with their landfill contract in Crystal City, Texas. Therefore, without dumpsters the County could not demolish homes due to health and safety concerns. La Salle County's only alternative was to obtain dumpsters from a sanitation company located approximately 90 miles south of Cotulla near Laredo, Texas. There still was a delay in the delivery of dumpsters to Cotulla because of the distance in travel; but, the delay was minimal in comparison to the initial waste management contractor. To date, La Salle County has contributed over $17,500 in donated demolition and disposal costs. Furthermore, La Salle County has contributed $18,560 towards the installation cost of three septic tanks in the rural areas of the County.

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3. The recovery efforts from Hurricanes Katrina & Rita had resulted in the untimely delivery of construction materials and supplies to the Cotulla area which originated primarily from San Antonio, Texas (approx. 90 miles north of Cotulla).

To date, four homes are complete, and there has been considerable progress in the completion of the remaining six homes, considering the short timeframe since the start of construction. La Salle County does not anticipate any further delays, and will ensure completion of the homes by the requested extension date.

Furthermore, please note that all ten homes under La Salle County's HOME program were damaged by the heavy rains and/or flooding that occurred during June and July 2002, and subsequently declared a disaster by the State of Texas and the U.S. Federal Emergency Management Agency.

Should you have any questions or need additional information, please feel free to contact me at (830) 879-4430.

Sincerely,

Joel Rodriguez, Jr.
County Judge

LA SALLE COUNTY
Office of The County Judge

101 Courthouse Square
Cotulla, Texas 78014

Phone: (830) 879-4430
Fax: (830) 879-4431

February 10, 2006

Ms. Lucy Trevino
Manager, Portfolio Management
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: HOME Program Contract Nos. 1000028 & 1000155

Dear Ms. Trevino:

La Salle County's HOME projects are presently in a position to complete all construction work within the contract period. As with most government financed projects, the receipt of timely payment is the key to completing the work on time. To ensure that work progresses without delay, La Salle County has made funds available to cover the cost of construction of all homes on an ongoing basis, and then follow with the request to TDHCA for reimbursement. La Salle County expects to submit its first draw requests within two weeks.

Should you have any questions or need additional information, please feel free to contact me at (830) 879-4430 or Mr. Robert L. Chavira, SMi Consulting, at (512) 891-0459.

Sincerely,

Joel Rodriguez, Jr.
County Judge

Judith Zaffirini
State Senator, District 21
President Pro Tempore, 1997

Committees
Vice Chair, Finance
Chair, Subcommittee on Capital Funding for Higher Education
Legislative Budget Board

Committees
Education
Health and Human Services
International Relations and Trade
Subcommittee on Higher Education

August 11, 2006

Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711

Dear Mr. Gerber:

This is to support enthusiastically the second appeal of La Salle County for an extension of its HOME Program contract when the TDHCA Governing Board meets on August 30.

In light of the significant need for housing in La Salle County, especially for working families, your favorable consideration of the appeal would be appreciated greatly. Feel free to contact me or my staff whenever we may be of assistance.

May God bless you.

Very truly yours,

Judith Zaffirini

Judith Zaffirini

JZ/lt

XC: Texas Department of Housing and Community Affairs Governing Board
Joel Rodríguez, Jr., La Salle County Judge

Capitol Office: P.O. Box 12068 • Austin, Texas 78711 • 512/463-0121 • Fax 512/475-3738 • Dial 711 For Relay Calls
South District Office: P.O. Box 627 • Laredo, Texas 78042-0627 • 956/722-2293 • Fax 956/722-8586
North District Office: 12702 Toepperwein Road #214 • San Antonio, Texas 78233 • 210/657-0095 • Fax 210/657-0262

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOME PROGRAM CONTRACT #1000028
OWNER OCCUPIED ASSISTANCE
FIRST AMENDMENT

Section 1

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, (Department), a public and official agency of the State of Texas and the **LA SALLE COUNTY** (Administrator), a political sub division of the State of Texas do hereby contract and agree to amend the original contract by and between the parties, effective December 1, 2003, and identified on Department's records as HOME Contract #1000028 (Contract).

Section 2

The parties hereby agree to amend the Contract identified in Section 1 above so that Section 1, <u>Contract Period</u>, is revised to read as follows:

The Contract shall be effective and commence on December 1, 2003 and shall terminate on April 30, 2006, unless otherwise specifically provided herein (Contract Period).

Section 3

By execution of this Contract, Administrator agrees and represents to Department as follows:

All eligible program work funded by this contract must be completed by **April 30, 2006**. The Department reserves the right to make payment up to sixty (60) days after the contract expiration date for work performed within the contract period.

The Certification of Contract Completion must be completed and submitted within sixty (60) days after the contract expiration period.

Section 4

The parties hereto agree that all other terms of the Contract shall remain in effect as therein set forth and shall continue to govern except to the extent that said terms conflict with the terms of this amendment. Each capitalized term not expressly defined herein shall have the meaning given to such term in the Contract.

Section 5

This amendment shall be effective on the date of execution.

Section 6

By signing this amendment the parties expressly understand and agree that its terms shall become a part of the Contract as if they were set forth word for word therein. This amendment shall be binding upon the parties hereto and their respective successors and assigns.

AGREED TO AND EXECUTED BY:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: ______________________
Edwina P. Carrington
Executive Director

Date: 12/29/05

LA SALLE COUNTY

By: ______________________
Name: Joel Rodriguez, Jr.
Title: County Judge

Date: 12/12/05

LA SALLE COUNTY
Office of The County Judge

October 25, 2005

101 Courthouse Square
Cotulla, Texas 78014

Phone: (830) 879-4430
Fax: (830) 879-4431

Ms. Lucy Trevino
Manager, Portfolio Management
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: HOME Program Contract No. 1000028; Request for Contract Extension

Dear Ms. Trevino:

This letter serves as La Salle County's request to extend its HOME Program contract expiration date to April 28, 2006, to complete all obligated housing activities under its contract with Texas Department of Housing and Community Affairs (TDHCA). The Commissioner's Court of La Salle County has approved a homeowner applicant selection list, environmental assessments have been completed for the top ten priority homeowners (see list below), a general contractor has been procured, and project activity set-up documents have been submitted to TDHCA committing a total amount of $500,000. Below is a list of the homeowners:

Homeowner Name	Property Address	Project Funds Committed
Marcelino Chavez	Lots 3&4, Block 72, Gardendale, La Salle County, TX	$ 50,000.00
Pedro Gonzales	502 Hall St., Cotulla, TX	$ 50,000.00
Nora Lisa Zamudio	712 Storey St., Cotulla, TX	$ 50,000.00
Ercilia C. Cruz	1205 Matamoros St., Cotulla, TX	$ 50,000.00
Lucio Cabello	502 – 3rd St., Cotulla, TX	$ 50,000.00
Carlos Ayala	201 N.E. Montemorelos St., Cotulla, TX	$ 50,000.00
Enrique Ayala	105 Thornton St., Cotulla, TX	$ 50,000.00
Guillermo Flores	Tract 111, River Hill Heights, La Salle County, TX	$ 50,000.00
Annabel Y. Gonzalez	1305 Martinez St., Cotulla, TX	$ 50,000.00
Crystal Garza	406 2nd St., Cotulla, TX	$ 50,000.00
	Total	$500,000.00

The main causes for not fully completing all activities within the original contract expiration date are as follows:

1. Although TDHCA's contract has an effective date of December 1, 2003, the contract was not fully executed until April 7, 2004, and received by my office on April 12, 2004. Therefore, implementation on the HOME Program could not begin until after La Salle County was in receipt of their fully executed contract.

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2. Unlike some HOME Program Administrators that distribute their housing assistance on a first-come, first served basis, La Salle County's distribution process is based on a scoring system that rates an applicant on two criteria, Income and Degree of substandard housing condition. An applicant is awarded points from a pre-determined scoring system that factors an applicant's income in comparison to the applicable income limit, and the substandard conditions of the applicant's dwelling. The weighted system awards more points to an applicant with the lowest income, and the worst housing conditions. Therefore, considerable time was taken to review all applicants for income eligibility, and the determination of the applicant's scores. NOTE: The HOME assistance distribution system is further described in La Salle County's Program Design.

3. La Salle County's HOME Program is targeted to households whose dwellings were damaged or destroyed by heavy rains and/or flooding that occurred during June and July 2002, and subsequently declared a disaster. Considerable time was taken to verify eligibility of all applicants who claimed damages to their dwelling caused by the storms during that time period. Homeowners were required to present documentation proving damage by this specific storm (e.g., documents received by American Red Cross, FEMA, etc). Homeowner Certifications were not accepted in lieu of documentation.

4. A small pool of qualified and registered (Texas Residential Construction Commission) contractors exist in the Cotulla area. There is not much interest in the HOME Program due to the smaller size of the homes that are to be constructed or rehabilitated in comparison to the higher profit margin construction work in the area. Furthermore, La Salle County has found that many contractors in the area lack the necessary credit from financial institutions and building material suppliers to participate in the HOME Program. Ultimately, only a single eligible contractor was selected to perform construction work on the County's ten dwellings.

La Salle County intends to continue its work toward completing its contractual obligations with TDHCA.

Should you have any questions or need additional information, please feel free to contact me at (830) 879-4430 or Mr. Robert L. Chavira, SMi Consulting, at (512) 891-0459.

Sincerely,

Joel Rodriguez, Jr.
County Judge

La Salle County
HOME Contract No. 1000028

Proposed Construction Schedule

Work	Completion Date
Complete Demolition and Site-Preparation Work	11/25/05
Complete Rough-In Plumbing and Foundation Work	12/16/05
Complete Framing, Roofing, Exterior Surface, and Cornice Work	01/27/06
Complete Trade Work (HVAC rough-in, electrical rough-in, and plumbing top-out)	02/17/06
Complete Exterior Paint, Insulation, Drywall, and Interior Trim Work	03/03/06
Complete Interior Paint, Flooring, and Cabinet Work	03/24/06
Complete Hardware, Lighting, and Flat Work	04/14/06
Complete Final Punch List	04/28/06

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
August 30, 2006

Action Item

Presentation, Discussion and Possible Approval of the Final 2007 LIHEAP State Plan.

Required Action

Review of public comment and possible approval of the submission of the Program Year (PY) 2007 Low Income Home Energy Assistance Program (LIHEAP) State Plan to the U. S. Department of Health and Human Services (HHS).

Background

The Texas Department of Housing and Community Affairs (the Department) develops and submits a Low Income Home Energy Assistance Program (LIHEAP) State Plan each year on or before September 1 to the HHS. HHS provides a model plan to guide the format and content, which the Department followed. The Department developed the draft State Plan, with review and comment by Energy Assistance (EA) staff, the Community Affairs Division Director, Legal Services, the Financial Services Division, and Executive. A draft of the PY 2007 LIHEAP State Plan was presented to the Board on June 9, 2006. The draft plan has remained available on the Department's Internet website since June 16, 2006. The *Texas Register* announcement of the public hearing and the availability of the draft plan was published June 23, 2006. The Department conducted its public hearing for the plan on Tuesday, July 18, 2006, at 2:00 p.m. at the Department headquarters. The 30-day comment period closed July 24, 2006.

Summary of Comments and Department Response

The Department received two comments, both supporting changes the Department made in the current LIHEAP funded program as approved by the Board at the May 4, 2006 Board Meeting. These comments came from staff of the Texas Association of Community Action Agencies and the Victoria Community Action Committee.

Recommendation

Staff recommends board approval of the PY 2007 LIHEAP State Plan as drafted.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

DETAILED MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FISCAL YEAR (FY) 2007

GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

EIN: **17426105429**

ADDRESS:...**P.O. Box 13941**
....**Austin, TX 78711-3941**

NAME OF LIHEAP COORDINATOR: ...**Amy Oehler**

EMAIL:..**amy.oehler@tdhca.state.tx.us**

TELEPHONE: (512) 475-3864 FAX: (512) 475-3935

PLEASE CHECK ONE: TRIBE ☐ STATE ☒ INSULAR AREA ☐

Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Washington, DC 20447

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01
OMB Approval No. 0970-0075
Expiration Date: XX/XX/2005

Table of Contents

Assurances

The Texas Department of Housing & Community Affairs agrees to:
(Grantee Name)

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs,

and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;

(ii) supplemental security income payments under title XVI of the Social Security Act;

(iii) food stamps under the Food Stamp Act of 1977; or

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed the greater of—

(i) an amount equal to 150 percent of the poverty level for such State; or

(ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under

title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—

> (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and
>
> (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to --

> (A) notify each participating household of the amount of assistance paid on its behalf;
>
> (B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;
>
> (C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and
>
> (D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that,

> (A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and
>
> (B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) * beginning in fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

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

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances:

As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended*. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: ____

Title: Executive Director

Date: ____

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

*In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Components Operated Under LIHEAP

Statutory references	
2605(a) 2605(b)(1)	➔Please check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Use of Funds

			Dates of Operation
	☒	heating assistance	December – February
	☒	cooling assistance	March – November
	☒	crisis assistance	January - December
	☒	weatherization assistance	April - March

2605(c)(l)(C) Use of Funds	➔Please estimate what amount of available LIHEAP funds will be used for each component that you will operate: **The total of all percentages must add up to 100%.**	
	10%	heating assistance
	40%	cooling assistance
	10%	crisis assistance
2605(k)(1)	15%	weatherization assistance
	10%	carryover to the following fiscal year
2605(b)(9)	10%	administrative and planning costs
2605(b)(16)	5%	services to reduce home energy needs including needs assessment (assurance 16)
	0%	used to develop and implement leveraging activities (limited to the greater of 0.08% or $35,000 for States, the greater of 2% or $100 for territories, tribes and tribal organizations).
	100%	**TOTAL**

Alternate Use of Crisis Assistance Funds

2605(c)(1)(C)	➔The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:	
	☐	Heating assistance
	☐	Cooling assistance
	☐	weatherization assistance
	☒	Other(specify): Year-round crisis

➔Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served? (This is required by the statute.)

Yes ☒ No ☐

Eligibility

2605(b)(2) 2605(c)(1)(A)	➔What are your maximum eligibility limits? (Please check the components to which they apply.) **Current year guidelines must be used**.							
	☒	125% of the poverty guidelines:						
	Heating	☒	Cooling	☒	Crisis	☒	WX	☒

	NONE	Households automatically eligible if one person is receiving						
	TANF	☐	SSI	☐	Food Stamps	☐	WX	☐
	NONE	Certain means-tested veterans programs						
	Heating	☐	Cooling	☐	Crisis	☐	WX	☐

Heating Assistance

2605(c)(1)(A) 2605(b)(2) (eligibility)	➔Do you have additional eligibility requirements for this?		**No**
	➔Do you use:		
	Assets test?		**No**
	➔Do you give priority in eligibility to:		
	Elderly?	**Yes**	
	Disabled?	**Yes**	
	Young children?	**Yes**	
	Other: (If Yes, please describe) **High energy burden, High energy consumption**.	**Yes**	

Cooling Assistance

2605(c)(1)(A) 2605(b)(2) (eligibility)	➔Do you have additional eligibility requirements for this?		**No**
	➔Do you use:		
	Assets test?		**No**
	➔Do you give priority in eligibility to:		
	Elderly?	**Yes**	
	Disabled?	**Yes**	
	Young children?	**Yes**	
	Other: (If Yes, please describe) **High energy burden, High energy consumption**.	**Yes**	

Crisis Assistance

2604(c) 2605(c)(1)(A) (eligibility)	➔Do you have additional eligibility requirements for this?		**No**
	➔Do you use:		

	Assets test?		**No**
	Must the household have received a shut-off notice or have an empty tank?		**No**
	Must the household have exhausted regular benefit?		**No**
	Must the household have received a rent eviction notice?		**No**
	Must heating/cooling be medically necessary?		**No**
	Other (Please explain):		
	➔What constitutes a crisis? (Please describe) A *bona fide* energy crisis exists when extraordinary events or situations resulting from extreme weather conditions and fuel supply shortages have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or very young children. A utility disconnection notice may constitute an energy crisis if client demonstrates a history of good faith in paying prior utility bills. A utility disconnection notice may constitute an energy crisis if brought about by sudden or unexpected events.		

Weatherization

2605(c)(1)(A) (eligibility)	➔Do you have additional eligibility requirements for this?		**No**
	➔Do you use:		
	Assets test?		**No**
	Priority groups? (Please list)	**Yes**	
	Elderly?	**Yes**	
	Disabled?	**Yes**	
	Young children?	**Yes**	
	Other: (If Yes, please describe) **High energy burden, High energy consumption**.	**Yes**	
	➔Are you using Department of Energy (DOE) Low Income Weatherization Assistance Program (LIWAP) rules to establish eligibility or to establish priority eligibility for households with certain characteristics?	**Yes**	
	➔If Yes, are there exceptions? Please list below. **No categorical eligibility.**	**Yes**	

Outreach Activities

2605(b)(3) 2605(c)(3)(A) (outreach)	➔Please check the outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:	
	☒	provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).
	☒	place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
	☒	publish articles in local newspapers or broadcast media announcements.
	☒	include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
		Make mass mailing to past recipients of LIHEAP.
	☒	inform low income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
	☒	execute interagency agreements with other low-income program offices to perform outreach to target groups.
	☐	other (Please specify):

Coordination

2605(b)(4)	➔Please describe how you will assure that LIHEAP is coordinated with similar and related programs. The description provided applies to all components unless specifically noted.
2605 (b)(1)(C) 2605(b)4	Subrecipients coordinate with other social service agencies through cooperative agreements to provide services to client households. Cooperative agreements clarify procedures, roles, and responsibilities of all participants. In particular, subrecipients make documented referrals to the local WAP subrecipient.
2605(b)(7)(D)	Subrecipients coordinate with local energy vendors to arrange for arrearage reduction, reasonably reduced payment schedules, or cost reductions.
2605(b)(6)	Community Action Agencies, local government entities, and other nonprofit agencies, with a few exceptions, also administer the LIHEAP program. To share information, enhance and develop service capacities, and integrate resources, TDHCA works with the Texas Association of Community Action Agencies, the Public Utility Commission, the Texas Railroad Commission, utility companies, and other State entities serving the low-income population

Equal Treatment

(benefit levels) 2605(b)(5) 2605(b)(2) 2605(b)(8A)	➔The statute requires that there be no difference in the treatment of households eligible because of their income and those eligible because they receive benefits under TANF, Food Stamps, SSI, or certain means-tested veterans programs ("categorically eligible"). How do you ensure there is no difference when determining eligibility and benefit amounts? This applies to

	all components unless specifically noted below.
	There is no difference in benefit levels based on the receipt or non-receipt of public assistance benefits. No households are deemed categorically eligible. This applies to all components.

Heating Component

(determination of benefits) 2605(b)(5)	➔Please check the variables you use to determine your benefit levels (check all that apply):	
	☒	Income
	☒	family (household) size
	☒	home energy cost or need
	☐	fuel type
	☐	climate/region
	☒	individual bill
	☐	dwelling type
	☒	energy burden (% of income spent on home energy)
	☒	energy need
	☐	other (describe)

Benefit Levels/ Benefit Limits

2605(b)(5) 2605(c)(1)(B)	➔Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size. Please describe benefit levels or attach a copy of your payment matrix.		
	Households With Incomes Of:	Household may receive an amount needed to address their energy payment shortfall not to exceed**:**	
	0 to 50% of Poverty	$1,200.	
	50% to 75% of Poverty	$1,100.	
	75% to 125% of Poverty	$1,000.	
	➔Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?		
	☐ Yes	☒ No	If Yes, please describe.

Cooling Component

(determination of benefits) 2605(b)(5) 2605(c)(1)(B)	➔Please check the variables you use to determine your benefit levels (check all that apply):

	☒	Income
	☒	family (household) size
	☒	home energy cost or need
	☐	fuel type
	☐	climate/region
	☒	individual bill
	☐	dwelling type
	☒	energy burden (% of income spent on home energy)
	☒	energy need
	☐	other (describe)

Benefit Levels/ Benefit Limits

2605(b)(5) 2605(c)(1)(B)	➔Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size. Please describe benefit levels or attach a copy of your payment matrix.		
	Households With Incomes Of:	Household may receive an amount needed to address their energy payment shortfall not to exceed**:**	
	0 to 50% of Poverty	$1,200.	
	50% to 75% of Poverty	$1,100.	
	75% to 125% of Poverty	$1,000.	
	➔Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?		
	☐ Yes	☒ No	If Yes, please describe.

Crisis Component

(determination of benefits) 2605(b)(5) 2605(c)(1)(B)	➔How do you handle crisis situations?	
	☒ Separate component	☐ other (please explain)
	➔If you have a separate component, how do you determine crisis assistance benefits?	
	☒	amount to resolve crisis, up to maximum
	☐	other (please describe)

Benefit Levels/ Benefit Limits

	➔Please indicate the maximum benefit for each type of **crisis assistance** offered.

	Heating	$ n/a	maximum benefit
	Cooling	$ n/a	maximum benefit
	Year-round	$1,200	maximum benefit
	➔Do you provide in-kind (e.g. blankets, space heaters, fans) and/or other forms of benefits?		
	☐ Yes ☒ No	If Yes, please describe.	

WEATHERIZATION & OTHER ENERGY RELATED HOME REPAIR AND IMPROVEMENTS

2605(b)(5) 2605(c)(1) (B) & (D)	➔What LIHEAP weatherization services/materials do you provide? (Check all categories that apply.)

Types of Assistance

	☒	Weatherization needs assessments/audits.
	☒	Caulking, insulation, storm windows, etc.
	☒	Furnace/heating system modifications/repairs
	☒	Furnace replacement
	☒	Cooling efficiency modifications/repairs/replacement
	☒	Other Energy Related Home Repair (Please describe) a) roof, wall, and floor repair to complete weatherization measures; b) repair or replacement of essential electrical wiring to complete related weatherization measures, while complying with safety codes; c) solar screens or window film (where appropriate); d) replacement of refrigerators 1993 or older or metered to have an SIR of 1 or greater on the TDHCA refrigerator tool; e) mobile home skirting to protect belly insulation; f) overhangs to protect mobile home doors; g) carpentry work to protect outside water heater from exposure; and h) weatherization-related health and safety safeguards as defined by DOE

Benefit Levels

	➔Do you have a maximum LIHEAP weatherization benefit/expenditure per household?			
	☒ Yes	☐ No	If Yes, what is the maximum amount?	**$4,000**

Types of Rules (DOE or LIHEAP)

	➔Under what rules do you administer LIHEAP weatherization? (Check only one.)	
	☐	Entirely under LIHEAP (not DOE) rules
	☐	Entirely under DOE LIWAP rules
	☒	Mostly under LIHEAP rules with the following DOE LIWAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply):
	☒	Weatherize buildings if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days
	☒	Weatherize shelters temporarily housing primarily low income persons (excluding nursing homes, prisons, and similar institutional care facilities).
	☐	Other (Please describe)
	☐	Mostly under DOE LIWAP rules, with the following LIHEAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply.)
	☒	Weatherization not subject to DOE LIWAP maximum statewide average cost per dwelling unit.
	☒	Other Energy Related Home Repair (Please describe.) TDHCA will allow the use of a client's LIHEAP weatherization award for structural and ancillary repairs only if required to enable effective weatherization.

Agency Designation

2605(b)(6)	The state administers LIHEAP through the following types of local agencies:		
	☐ county welfare offices		
	☒ community action agencies (weatherization component only)		
	☒ community action agencies (heating, cooling or crisis)		
	☒ charitable organizations (nonprofit)		
	☐ not applicable (i.e. state energy office)		
	☐ tribal office		
	☒ other, describe: Units of local government and Councils of Government.		
	➔Have you changed local administering agencies from last year?	☐ Yes	☒ No
	If Yes, please describe how you selected them.		**N/A**
	➔What components are affected by the change?		**N/A**

Targeting of Assistance

2605(c)(1)(E)	➔Please describe any additional steps (other than those described elsewhere in this plan) that will be taken to target assistance to households with high home energy burdens. **(This applies to all components. If all steps to target households with high home energy burdens are described elsewhere in the plan, no further information is required here.)**

☒	The Heating & Cooling Equipment Replacement component targets assistance to high energy burden households where inefficient or malfunctioning equipment needlessly increases energy consumption and therefore affects the household's ability to pay their own home energy bills.

Energy Suppliers

2605(b)(7)	➔Do you make payments directly to home energy suppliers?		
	Heating	☒ Yes	☐ No
	Cooling	☒ Yes	☐ No
	Crisis	☒ Yes	☐ No
	If Yes, are there exceptions?	☐ Yes	☒ No
	If Yes, please describe.		

2605(b)(7)(A)	➔If you make payments directly to home energy suppliers, how do you notify the client of the amount of assistance paid? (Please describe)
	When the client applies for assistance, the subrecipient agency determines the amount of assistance to be paid and when. This information is given to the client along with their client agreement.
2605(b)(7) (B) & (C)	➔How do you make sure the home energy supplier performs what is required in this assurance? If vendor agreements are used, they may be attached. Indicate each component for which this description applies.
	Vendor agreements are used in all components. A sample copy is attached.

Owners & Renters

2605(b)(8)(B)	➔Is there any difference in the way owners and renters are treated? If Yes, please describe.	Yes	No
	Heating Assistance		**NO**
	Cooling Assistance		**NO**
	Crisis Assistance		**NO**
	Weatherization		**NO**

Program, Fiscal Monitoring, and Audit

2605(b)(10)	➔How do you ensure good fiscal accounting and tracking of LIHEAP funds? (Please describe. Include a description of how you monitor fiscal activities.) 1. review annual audits; 2. monitor fiscal records; 3. review Monthly Expenditure and Performance Reports.

<table>
<tr><td></td><td colspan="3"></td></tr>
<tr><td></td><td colspan="3">➔How do you monitor program activities? (Please be sure to include a description of how you monitor eligibility and benefit determination.)
• The Department requires each subrecipient to submit monthly funding and performance reports. Reports are due on the fifteenth of the following month.
• TDHCA Contract Specialists will complete a desk monitoring review of monthly funding and performance reports to ensure the subrecipient has the capacity to carry out program activities in a timely manner.
• TDHCA will assign a Program Officer to each subrecipient in order to track program compliance and performance activities.
• Program Officer will perform an onsite monitoring visit of each subrecipient once every two years based on a Risk Assessment Module. On-site monitoring will be performed in conjunction with the Division's Community Service Block Gant whenever possible. TDHCA may monitor a subrecipient more than once based on the previous monitoring report and current contract performance.
• Program Officer will review the subrecipient's financial records such as the single audit, general ledgers, receipts, bank statements, bank reconciliation reports, and checks to ensure that program funds are being expended on allowable program activities.
• Program Officer will review individual client records to ensure the clients are eligible, prioritized, and served within the contract and TDHCA established guidelines. Client files will also be reviewed to ensure household needs have been identified, the client has been provided client education, and referred to other programs that have been identified by the subrecipient. The Department has set a minimum client record sample of 10%.
• Program Officer will complete a monitoring check list and report that outlines findings and recommendations.
• Upon the Manager's review a report will be mailed to each subrecipient.
• Subrecipient must submit a written response within 30 days of the report. The response must address any possible corrective actions if any.
• TDHCA will review the response to ensure all possible corrective actions have been implemented by the subrecipient.</td></tr>
<tr><td rowspan="3"></td><td colspan="3">➔How is your LIHEAP program audited?</td></tr>
<tr><td>Under the Single Audit Act?</td><td>☒ Yes</td><td>☐ No</td></tr>
<tr><td colspan="3">If not, please describe:</td></tr>
<tr><td></td><td colspan="3">For States and Territories:</td></tr>
<tr><td rowspan="2"></td><td>➔Is there an annual audit of local administering agencies?</td><td>☒ Yes</td><td>☐ No</td></tr>
<tr><td colspan="3">If not, please explain.
TDHCA contract requires agencies that exceed $500,000 in expenditures to follow the single Audit procedures and submit a copy of the Audit to the Department for review.</td></tr>
</table>

Timely and Meaningful Public Participation

2605(b)(12)	➔How did you get timely and meaningful public participation in the development of the plan? (Please describe.) • TDHCA prepared a Draft LIHEAP Plan for FFY 2007 as a means of informing interested parties prior to the annual LIHEAP Public Hearing, July 18, 2006. • The draft plan was submitted for TDHCA Board approval at the June 9, 2006 meeting – prior to publication. • TDHCA published this Draft LIHEAP Plan on its Internet web site and notified TDHCA Energy Assistance subrecipients and other interested parties via e-mail and fax. • A Texas Register announcement (see appendix) and the TDHCA internet publication informed the Texas Legislature and general public about the public hearing. • The Draft LIHEAP Plan appeared on the TDHCA Internet site beginning on or after June 23, 2006. • TDHCA transmitted the Draft LIHEAP Plan by e-mail and fax to all TDHCA Energy Assistance subrecipients, Weatherization Policy Advisory Committee members, and other interested parties and let them know the document's internet location (http://www.tdhca.state.tx.us/ea.htm). • TDHCA accepted written and verbal comments within the public participation process through July 24, 2006, 5:00 p.m. TDHCA requested that comments be sent by e-mail – john.touchet@tdhca.state.tx.us or by fax (512) 475-3935 or by postal service to TDHCA, Energy Assistance Section, P.O. Box 13941, Austin, Texas 78711-3941. • TDHCA incorporates public comments, including workable suggestions that do not alter the intent of LIHEAP, into the final plan. • The final plan will be submitted for TDHCA Board approval, prior to submission to DHHS.		
2605(a)(2) (public hearings)	➔Did you conduct public hearings on the proposed use and distribution of your LIHEAP funds?	☒ Yes	☐ No
	When? July 18, 2006		
	Where? TDHCA Headquarters, Room 116, Austin, Texas		

Denials & Applications Not Acted On In a Timely Manner

Fair Hearings 2605(b)(13)	➔Describe your fair hearing procedures for households whose applications are denied or not acted on in a timely manner. When are applicants informed of these rights?
	TDHCA will ensure that subrecipients provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied

	or not acted upon in a timely manner by requiring subrecipients to: • print information about clients' rights on the application forms and information sheets; • provide opportunity for fair administrative hearings in cases of application denial, delay, or inaction; • Provide written notification to applicant of denial of assistance within ten (10) days of the adverse determination. Notification includes written instructions of the appeals process and specific reasons for the denial. Applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice. Subrecipient maintains documentation of appeals in the client files. Applicants may subsequently appeal to TDHCA. An applicant must provide a written appeal request to TDHCA within 10 days of receiving the subrecipient's second determination. A TDHCA appeals committee composed of at least three persons hears the appeal within 10 days of receiving the appeal. The subrecipient provides to TDHCA an audio tape recording or detailed notes of its hearing and pertinent client files. TDHCA will review the recording and notes from the hearing, the committee's decision and any other relevant information. TDHCA will not take additional oral testimony. TDHCA will notify all parties in writing of its decision within 30 days of the receipt of the appeal.

Alternate Outreach and Intake

2605(b)(15)	**For States and Puerto Rico only** (not applicable to Tribes and tribal organizations, or to territories whose annual regular LIHEAP allotments are $200,000 or less):		
	➔Does the State agency that administers the following LIHEAP component also administer the State's welfare program?	YES	NO
	Heating Assistance		**NO**
	If Yes, describe alternate process for outreach and intake:		
	Cooling Assistance		**NO**
	If Yes, describe alternate process for outreach and intake:		
	Crisis Assistance		**NO**
	If Yes, describe alternate process for outreach and intake:		

Assurance 16 Activities

2605(b)(16)	➔Do you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance? (This assurance refers to activities such as needs assessments, counseling, and assistance with energy vendors.)
	☒ Yes ☐ No
	If Yes, please describe these activities.

	1. Identify household needs. 2. Provide literature and energy conservation education. 3. Refer client to other appropriate programs. 4. Encourage responsible vendor and consumer behavior Subrecipients provide applications, forms, and energy education materials in Spanish, English, or other language when appropriate.
	If Yes, how do you ensure that you don't use more than 5% (statutory ceiling) of your LIHEAP funds for these activities? Assurance 16 activities are a separate budget category at both the state and subrecipient levels. Both the accounting and the reporting systems do not allow expenditures over the 5% cap.

Leveraging

2607A	➔Please describe leveraging activities planned for the fiscal year. **(This entry is optional.*)** Complete this entry if you plan to apply for LIHEAP leveraging incentive funds and to include in your leveraging report resources/benefits provided to low income households this fiscal year under criterion (iii) in 45 CFR 96.87(d)(2). Provide the following information for each: (1) Identify and described each resource/benefit; (2) Identify the source(s) of each resource; and (3) Describe the integration/coordination of each resource/benefit with the LIHEAP program, consistent with 1 or more of conditions A-H in 45 CFR 96.87(d)(2)(iii).
2607(A) 45CFR96 §96.87(d)(2) (i)	In order for subrecipients to serve eligible households in a comprehensive manner, creation of partnerships with private industries and utility vendors is essential. LIHEAP staff members, both at the grantee and the subrecipient level, have devoted substantial time and resources in the negotiation and design of these partnerships.
§96.87(d)(1)	The resources leveraged by these activities are from non-federal sources such as utility companies. They are provided to the LIHEAP grantee or only accessible to LIHEAP clients. They represent a net addition to the total home energy resources available to low-income households, are measurable and quantifiable, and meet the requirements for countable resources. The following resources have been leveraged on behalf of LIHEAP clients:
§96.87(d)(2) (iii)(D) §96.87(d)(2) (iii)(E) §96.87(d)(2) (iii)(F)	Subrecipients have written agreements in place with energy providers. These agreements may provide for rate discounts, arrearage forgiveness, waivers on reconnection fees, and waivers on deposits. These agreements ensure that the energy vendor will charge the eligible household only the difference between the cost of home energy actually consumed and the amount of the payment made by TDHCA through LIHEAP. Agreements ensure that energy vendors

§96.87(e)(1) (i)	will treat LIHEAP clients with no disadvantage relative to all other customers. The resources generated by these agreements are available to LIHEAP recipients and households that meet LIHEAP eligibility criteria. TDHCA currently uses written agreements with private, investor owned electric utility companies (IOUs) to provide funding for the following resources or services:
§96.87(d)(2)(ii) §96.87(e)(1)(iii) §96.87(e)(1)(vi)	IOU Weatherization Programs provide additional funding for the LIHEAP-funded Weatherization Assistance Program. Utility funds are designed to work in coordination with housing units being weatherized under the state's WAP. Therefore the program is only available to current WAP clients. The funds are administered by TDHCA and the work is carried out by the LIHEAP WAP network.
§96.87(d)(2)(ii) §96.87(b)(4) §96.87(e)(1)(iii) §96.87(e)(1)(vi)	TDHCA continues to work with the Public Utility Commission, the Texas Railroad Commission, and utilities to advocate for the enhancement and development of additional services for low-income energy consumers.
§96.87 (c) 96.87(d)(1)(i) 96.87(d)(2) (i,ii) 96.87(d)(2) (iii) (F) 96.87(e)(1) (iv) 96.87(e)(1) (v)	TDHCA programs funded with utility tariffs operate through LIHEAP subrecipients or in conjunction with other LIHEAP-funded programs designed to reduce energy cost burden for low-income households. The Texas 79th legislative session did not provide funding for the low-income discount. When funded, the System Benefit Fund supports a Low-Income Discount for electric customers (LIHEAP rule: Subpart H, Section 96.87). If funded, this resource would meet requirements for leveraged resources ((d)(1)(i-v). The grantee's LIHEAP program had an active, substantive role in developing the resource from home energy vendors through negotiation ((d)(2)(i)) at the Public Utility Commission of Texas. The resource is provided to low-income households as a supplement to Texas' LIHEAP program ((d)(2)(iii)). Rate discount recipients meet LIHEAP program eligibility criteria in the base period ((d)(2)(D)). Specifically, this program qualifies under section (e)(2)(i) as a home energy discount, provided in the base period to low-income households, in the form of discounts in utility rates or bills. Several retail electric providers (REPs) will offer emergency bill payment assistance through LIHEAP agencies in FY2007. TDHCA developed these leveraged programs through negotiations with energy providers. Subrecipients will administer this assistance under LIHEAP income eligibility criteria.

* Leveraged resources/benefits that are counted under criterion (iii) in 45 CFR 96.87(d)(2) must be identified and described in the grantee's LIHEAP plan and distributed as indicated in the plan. In addition, leveraging resources/benefits that are counted under criterion (ii) must be carried out under one or more components of the grantee's regular LIHEAP program.

ADDITIONAL CERTIFICATIONS AND REQUIREMENTS

Attached are additional certifications required as follows:

- **Lobbying certification**, which must be filed by all States and territories. If applicable, Form LLL, which discloses lobbying payments, must be submitted. **(Tribes and tribal organizations are EXEMPT)**

- **Debarment and suspension certification**, which must be filed by all grantees.

- **Drug-free workplace requirement certification**, which must be filed by all grantees, unless the grantee has filed a statewide certification with the Department of Health and Human Services. **STATES ONLY:** If you have filed a statewide certification for the drug-free workplace requirement, please check here: ☐

- One of the new requirements included in the 1994 reauthorization of the statute is that grantees must include in their annual application for funds a report on the number and income levels of households applying for and receiving LIHEAP assistance, and on the number of recipient households that have members who are elderly, disabled, or young children.

  All Tribes and those territories with allotments of less than $200,000 need only submit data on the number of households served by each component (heating, cooling, weatherization and crisis). The approval for the collection of information contained in the **LIHEAP Household Report** is covered by OMB approval number 0970-0060.

- Though not a part of this application, the report on funds to be carried over or available for reallotment as required by section 2607(a) for the preceding year must be submitted by August 1 of each year. A grant award for the current fiscal year may not be made until the carryover/reallotment report is received. The approval for the collection of information contained in the **LIHEAP Carryover and Reallotment Report** is covered by OMB approval number 0970-0106.

Attachments:

- LIHEAP Household Report
- Texas Register announcement of Public Hearing
- Contractors (Subrecipient Agencies)
- Required Certifications
- Vendor agreement sample copy
- DOE State Plan

Texas Register Notice of Public Hearing

For Publication in the June 23, 2006 issue

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Notice of Public Hearing
Low-Income Home Energy Assistance Program (LIHEAP) PY 2007
For the fiscal year that begins October 1, 2006, the Texas Department of Housing and Community Affairs (TDHCA) anticipates receiving federal funds to continue the operation of certain programs that assist very low-income Texans with home energy. While in the process of deciding how to use Low-Income Home Energy Assistance Program (LIHEAP) funds, TDHCA now seeks opinions of groups affected by LIHEAP programs as well as opinions of other interested citizens.

As part of the public information, consultation, and public hearing requirements for LIHEAP, the Community Affairs Division of the Texas Department of Housing and Community Affairs (TDHCA) will conduct a public hearing and post the proposed plan on the TDHCA internet site. Primarily, the hearing solicits comments on the proposed use and distribution of federal fiscal year (FFY) 2007 funds provided under LIHEAP. LIHEAP provides funding for the Weatherization Assistance Program (WAP) and utility assistance – known as "Comprehensive Energy Assistance Program (CEAP)".

The public hearing has been scheduled as follows:
Tuesday, July 18, 2006, 2:00 p.m.
Room #116, TDHCA Headquarters,
221 East 11th St.
Austin, Texas

A representative from TDHCA will explain the planning process and receive comments from interested citizens and affected groups regarding the proposed plan for LIHEAP subrecipients. A copy of the Draft LIHEAP Plan may be obtained after June 23, 2006, through TDHCA's web site, http://www.tdhca.state.tx.us/ea.htm or by contacting the Texas Department of Housing and Community Affairs, Community Affairs Division, Energy Assistance Section, P.O. Box 13941, Austin, Texas 78711-3941, or by phone at (512) 475-1435.

Anyone may submit comments on the draft plan in written form or oral testimony at the public hearing. TDHCA must receive written comments no later than 5:00 p.m., Monday, July 24, 2006. Comments concerning the draft plan may be submitted via the Internet to john.touchet@tdhca.state.tx.us or by fax (512) 475-3935 or through John Touchet at TDHCA using the postal service address provided above. If you have any questions regarding the public hearing process or any of the programs referenced above, please contact TDHCA, Community Affairs Division, Energy Assistance Section.

Individuals who require auxiliary aids or services for this meeting should contact Ms. Gina Esteves 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 John Touchet, (512) 475-1435 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.

PY 2006 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POST OFFICE BOX 13941, AUSTIN, TX 78711-3941
Energy Assistance 512-475-3951

MASTER LIST OF SUBRECIPIENTS

Current as of 5/22/2006

	Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
1	**Aspermont Small Business Development Center, Inc.** 1(800) 722-0137 mailto:asbdc@westex.net	P.O. Box 188 Aspermont, Texas 79502 Tel: (940) 989-3538 Fax: (940) 989-3445	**Dana Myers** Executive Director	**Wilda Giles** Tel: (940) 989-3538 Fax: (940) 989-3445	**David Davis** 1 Av. D Parnell Texas 79521	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
2	**Bee Community Action Agency** 1(800) 358-5534	P.O. Box 1540 Beeville, Texas 78104-1540 Tel: (361) 358-5530 Fax: (361) 358-6591	**Anna Simo** Executive Director mailto:annasimo@bizstx.rr.com	**J.J. Perez** Tel: Fax: mailto:jjperez@bizstx.rr.com	**Carlos Salazar** County Commissioner Texas	Bee, Live Oak, Refugio
3	**Bexar County Economic Development and Special Programs**	100 Dolorosa St., Ste 1.20 San Antonio, Texas 78205 Tel: (210) 335-0667 Fax: (210) 335-0665	**David E. Marquez** Executive Director mailto:dmarquez@bexar.org	**Delia Perez** Tel: (210) 335-6541 Fax: mailto:dperez@bexar.org	**Nelson W. Wolff** Bexar County Judge 100 Dolorosa, Suite 1.20 San Antonio Texas 78205	Bexar
4	**Big Bend Community Action Committee, Inc.** mailto: evbbcac@sbcglobal.net	P.O. Box 265 Marfa, Texas 79843 Tel: (432) 729-4908 Fax: (432) 729-3435	**Emma Vasquez** Executive Director	**Gloria Garcia** Tel: Fax:	**Judge George Grubb** P.O. Box 836 Ft. Davis Texas 79734	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio
5	**Brazos Valley Community Action Agency** 1(866) 846-3645 mailto:admin@bvcaa.org	504 E. 27th Street Bryan, Texas 77803 Tel: (979) 779-7443 Fax: (979) 822-7758	**Karen Garber** Lead Administrator mailto:kgarber@bvcaa.org	**Bryan Jones** Tel: (979)775-7692 Fax: (979) 779-9021	**Mike Holmgreen** PO Box 833 Bryan Texas 77805	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington

PY 2006 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POST OFFICE BOX 13941, AUSTIN, TX 78711-3941
Energy Assistance 512-475-3951

MASTER LIST OF SUBRECIPIENTS

Current as of 5/22/2006

	Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
6	**Cameron and Willacy Counties Community Projects, Inc.** mailto:cwccp@orbitbroadband.net	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Tel: (956) 544-6411 Fax: (956) 544-6414	**Amalia C. Garza** Executive Director mailto:cwccp@orbitbroadband.net	**Xochitl C. Rodriguez** Tel: Fax:	**Mr. Miguel Torres** Chairman Texas	Cameron, Willacy
7	**Caprock Community Action Association, Inc.** 1(800) 692-4164	224 S. Berkshire Crosbyton, Texas 79322 Tel: (806) 675-7307 Fax: (806) 675-2291	**Claudia Cowley** Executive Director mailto:claudia.cowley@twc.state.tx.us	**Xylina Grizzle** Tel: 1 (800) 692-4164 Fax:	**Judge William Hardin** 105 Main Street Floydada Texas 79235	Crosby, Dickens, Floyd, Hale, King, Motley
8	**Central Texas Opportunities, Inc.** 1(800) 625-4167	P.O. Box 820 Coleman, Texas 76834 Tel: (325) 625-4167 Fax: (325) 625-3335	**Merridee McClatchy** Executive Director mailto:merrideecto@web-access.net	**Hanna Adams** Tel: Fax:	**Kermit Sorrells** 904 W. 4th Coleman Texas 76834	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
9	**Combined Community Action, Inc.** 1(800) 688-9065	165 W. Austin Street Giddings, Texas 78942 Tel: (979) 540-2980 Fax: (979) 542-9565	**Rhoda Marie Gersch** Executive Director mailto:rmgersch@ccaction.com	**Kelly Franke** Tel: (979) 540-2985 Fax: mailto:kjfranke@ccaction.com	**Shirley Meadows** 310 Oak Street Sealy Texas 77474	Austin, Bastrop, Colorado, Fayette, Lee
10	**Community Action Committee of Victoria Texas** 1(800) 695-0314 mailto:cacv@sbcglobal.net	P.O. Box 3607 Victoria, Texas 77903-3607 Tel: (361) 578-2989 Fax: (361) 578-0062	**Vicki Smith** Executive Director	**Shawnee Bayer** Tel: (361) 575-0478 o Fax:	**Mrs. Patti Goehring** 864 Goehring Road Yorktown Texas 78164	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria

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POST OFFICE BOX 13941, AUSTIN, TX 78711-3941
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MASTER LIST OF SUBRECIPIENTS

Current as of 5/22/2006

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
11 Community Action Corporation of South Texas 1(800) 664-0145 mailto:M22349@intcomm.net	204 E. 1st Street Alice, Texas 78333-1820 Tel: (361) 664-0145 Fax: (361) 664-0120	**Rafael Trevino, Jr.** Executive Director	**Robert Cuevas** Tel: (361) 664-4769 Fax: (361) 664-8731	**Elias Villalobos** Board Chair 716 Hughes St. Alice Texas 78332	Brooks, Jim Wells
12 Community Action Council of South Texas mailto:cacst@southtx.quik.com	510 E Eisenhower St Rio Grande City, Texas 78582 Tel: (956) 487-2585 Fax: (956) 487-2871	**Francisco G. Zarate** Executive Director mailto:pacoz@cacst.org	**Celeste Garcia** Tel: Fax:	**Doroteo N. Garza** Board Chair Rt. 1 Box 720 Zapata Texas 78076	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata
13 Community Action Inc., of Hays, Caldwell and Blanco Counties mailto: cjaimes@communityaction.c	P.O. Box 748 San Marcos, Texas 78667-0748 Tel: (512) 392-1161 Fax: (512) 396-4255	**Corina Jaimes** Executive Director mailto: cjaimes@communityaction.com	**Tina Morrow** Tel: Ext. 309 Fax: mailto:tmorrow@communityaction.com	**Judge H.T. Wright** Board Chair 110 S. Main St. Lockhart Texas 78644	Blanco, Caldwell, Hays
14 Community Action Program, Inc. mailto:aubrey@nts-online.net	P.O. Box 144 Abilene, Texas 79604-0144 Tel: (325) 673-5785 Fax: (325) 673-5784	**Morris Baker** Executive Director mailto: morrisbaker@nts-online.net	**Norma Garcia** Tel: Ext. 303 Fax:	**Mr. Petty Hunter** Board Chair P.O. Box 3594 Abilene Texas 79604	Shackelford, Stephens, Taylor
15 Community Council of Reeves County mailto:ccreeves@netwest.com	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Tel: (432) 447-4913 Fax: (432) 447-4914	**Mary Jane Rios** Executive Director	**Mary Jane Rios** Tel: Fax:	**Henry Freund** Board Chair 302 S. Poplar St. Kermit Texas 79745	Loving, Reeves, Ward, Winkler

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16 Community Council of South Central Texas, Inc. mailto:mlcastillo@ccsct.org	205-A E. Court Street Seguin, Texas 78155-5705 Tel: (830) 303-4376 Fax: (830) 372-5354	**Louis R. Ramirez, Sr.** Executive Director mailto:mlcastillo@ccsct.org	**Carol Kruse** Tel: (830) 303-5670 Fax:	**Mr. Alolfo Aguilar**	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson
17 Community Council of Southwest Texas, Inc.	P.O. Drawer 1709 Uvalde, Texas 78802-1709 Tel: (830) 278-6268 Fax: (830) 278-4281	**Jorge Botello** Executive Director mailto:ccswt@aol.com	**Irma Morales** Tel: (830) 278-9167 Fax: (830) 278-2679 566 West Main St, Uvalde 78801	**Migual Acosta** P.O. Box 613 Crystal Texas 78839	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala
18 Community Services Agency of South Texas mailto:csaofsti@sbcglobal.net	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Tel: (830) 876-5219 Fax: (830) 876-5280	**David Ojeda, Jr.** Executive Director	**David Avalos** Tel: (830) 875-0272 Fax: (830) 876-9623	**Roel Rodriguez, Jr.** c/o Agency Texas	Dimmit, LaSalle, Maverick
19 Community Services of Northeast Texas, Inc. mailto: dan.boyd@csntexas.org	P.O. Box 427 Linden, Texas 75563 Tel: (903) 756-5596 Fax: (903) 756-7294	**Dan Boyd** Executive Director mailto:dan.boyd@csntexas.org	**Alma Harrison** Tel: Ext. 14 Fax:	**Howard Tong** Board Chairman	Camp, Cass, Marion, Morris
20 Community Services, Inc. 1(800) 831-9929	P.O. Box 612 Corsicana, Texas 75151-0612 Tel: (903) 872-2401 Fax: (903) 872-0254	**Pauletta Hines** Executive Director mailto:csi_csbg@sbcglobal.net	**Valerie Nickerson** Tel: (903) 875-3727 Fax: mailto:csi_ceap@sbcglobal.net	**L.L. Polk, Sr.** 2508 Linda Circle Corsicana Texas 75110	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt

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21 Concho Valley Community Action Agency mailto:cvcaa@cvc.wtxcoxmail.com	P.O. Box 671 San Angelo, Texas 76902 Tel: (325) 653-2411 Fax: (325) 658-5137	**Sidney Mabry** Executive Director mailto:cvcaa@cvc.wtxcoxmail.com	**Janet Appleton** Tel: (325) 653-1680 Fax: (325) 658-3147	**Hon. Allen Amos** Board Chair P.O. Box 158 Paint Rock Texas 76866	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton
22 Dallas County Department of Health and Human Services	2377 N. Stemmons Fwy, Suite 600, L Dallas, Texas 75207-2710 Tel: (214) 819-1858 Fax: (214) 819-6022	**Zachary Thompson** Director mailto:ZThompson@dallascounty.org	**Zachary Thompson** Tel: (214) 819-2101 Fax: (214) 819-2101 mailto:ZThompson@dallascounty.org	**Margaret Keliher** County Judge 411 Elm Street, 2nd Floor Dallas Texas 75202	Dallas
23 Economic Action Committee of The Gulf Coast mailto:eacgc@sbcglobal.net	P.O. Box 1685 Bay City, Texas 77404-1685 Tel: (979) 245-6901 Fax: (979) 245-5699	**Hazel Johnson** Executive Director	**Eileen Parker** Tel: (979) 245-3250 Fax:	**Andy Hawkins** C/O Agency	Matagorda
24 Economic Opportunities Advancement Corporation of Planning Region XI mailto:eoac@hot.rr.com	500 Franklin Avenue Waco, Texas 76701-2111 Tel: (254) 753-0331 Fax: (254) 754-0046	**Johnette Hicks** Executive Director mailto:jhicks@centexbiz.rr.com	**Claudia Gooch** Tel: Ext 218 Fax:	**Darlene Cates** C/O Agency	Bosque, Falls, Freestone, Hill, Limestone, McLennan
25 El Paso Community Action Program, Project BRAVO, Inc. mailto:bravofinance@earthlink.net	P.O. Box 3445 El Paso, Texas 79923 Tel: (915) 562-4100 Fax: (915) 562-8952	**Sofia Moreno** Executive Director mailto:smoreno@projectbravo.org	**Jesus Munoz** Tel: Fax:	**Dinna Spencer** 500 E. San Antonio Street, Room El Paso Texas 79901	El Paso

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26 Fort Worth, City of, Parks & Community Services Department	4200 South Freeway, Suite 2200 Ft Worth, Texas 76115-1499 Tel: (817) 871-5700 Fax: (817) 871-5776	**Randle Harwood** Acting Director	**Leona Johnson** Tel: (817) 871-5772 Fax:	**Sharon Armstrong** 4605 Virgil St. Fort Worth Texas 76119	Tarrant
27 Galveston County Community Action Council, Inc. 1(800) 300-3004	P.O. Box 3206 Galveston, Texas 77552 Tel: (409) 765-7878 Fax: (409) 765-9951	**Norma R. Mitchell** Executive Director mailto:normadmitchell60@hotmail.com	**Sabrina Harrell** Tel: (409) 762-8418 Fax: mailto:sl_harrell27@hotmail.com	**Kerry W. Tillmon** C/O Agency Texas	Brazoria, Fort Bend, Galveston, Wharton
28 Greater East Texas Community Action Program (GETCAP) 1(800) 621-5746	P.O. Box 631938 Nacogdoches, Texas 75963 Tel: (936) 564-2491 Fax: (936) 564-0302	**Karen Swenson** Executive Director mailto:kswenson@sbcglobal.net	**Beverly Norris** Tel: Fax: mailto:bnorris@academicplanet.com	**Robert Crow** P.O. Box 631938 Nacogdoches Texas 75963	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
29 Hidalgo County Community Services Agency 1(800) 522-4021	P.O. Box 204 Edinburg, Texas 78540 Tel: (956) 383-6250 Fax: (956) 380-4324	**Maribel Navarro-Saenz** Executive Director mailto:csa_lopez@yahoo.com	**Thelma Vasquez** Tel: Ext. 44 Fax: mailto:fiscal_dept@hotmail.com	**Jose Perez** 423 N. Tower Rd. Alamo Texas 78516	Hidalgo
30 Hill Country Community Action Association, Inc. mailto:hccaainc@centex.net	P.O. Box 846 San Saba, Texas 76877 Tel: (325) 372-5167 Fax: (325) 372-3526	**Tama Shaw** Executive Director mailto:tshaw@hccaa.com	**Clovia Ketchum & Francis Little** Tel: Ext 232 Fax: mailto:cketchum@hccaa.com	**Richard Cortese** Commissioner P.O. Box 768 Belton Texas 76513	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba

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31 Kleberg County Human Services 1(800) 356-3463	720 E. Lee Street Kingsville, Texas 78363 Tel: (361) 595-8572 Fax: (361) 595-8578	**Arturo Pecos** Executive Director	**Mary Caballero** Tel: (361) 595-8573 Fax: mailto:redhot101@hotmail.com	**Honorable Alan May** County Judge C/O Agency Texas	Kenedy, Kleberg
32 Lubbock, City of, Community Development Department mailto: nhaney@mail.ci.lubbock.tx.u	P.O. Box 2000 Lubbock, Texas 79457 Tel: (806) 775-2309 Fax: (806) 775-3281	**Nancy Haney** Executive Director	**Joe Rangel** Tel: Fax:	**Karen Worley** 4205 88th St. Lubbock Texas 79423	Lubbock
33 Montgomery County Emergency Assistance, Inc mailto:rcollett@mcia.com	1022 McCall Street Conroe, Texas 77301 Tel: (936) 539-9211 Fax: (936) 539-9239	**Joanne Callahan** Executive Director	**Tasha Galloway** Tel: Ext. 224 Fax: mailto:latasha@mcea-mcha.org	Texas	Montgomery
34 Northeast Texas Opportunities, Inc.	P.O. Box 478 Mount Vernon, Texas 75457 Tel: (903) 537-2256 Fax: (903) 537-2187	**Beverly Logan** Executive Director mailto:netobev@mt-vernon.com	**Brenda Fountain** Tel: Fax: mailto:neto@mt-vernon.com	**Judge Jerry Hubbell** 200 N. Kufman Mt. Vernon Texas 75457	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus
35 Nueces County Community Action Agency	101 South Padre Island Drive Corpus Christi, Texas 78405 Tel: (361) 883-7201 Fax: (361) 883-9173	**Joe A. Martinez** Executive Director mailto:jam@nccaatx.org	**Alicia A. "Addie" Hurd / Dorothy Wade** Tel: (361) 883-7201 x Fax: mailto:ahurd@nccaatx.org	**George Rosas** 7417 Spitfire Corpus Christi Texas 78412	Nueces

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36 Panhandle Community Services 1(800) 676-4727	P.O. Box 32150 Amarillo, Texas 79120-2150 Tel: (806) 372-2531 Fax: (806) 373-8143	**Johnny Raymond** Executive Director mailto:j-raymond@pcsvcs.org	**Pauletta Flores & Phyllis Cook** Tel: Ext 225 Fax: mailto:p-flores@pcsvcs.org	**Judge Donnie Allred** Box 195 Vega Texas 79092	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
37 Pecos County Community Action Agency mailto:pccaction@ftstockton.net	P.O. Box 940 Fort Stockton, Texas 79735 Tel: (432) 336-7526 Fax: (432) 336-7528	**Miguel Ureta** Executive Director mailto:caa_ed@ftstockton.net	**Pat Arcides** Tel: Fax: mailto:pccaction@ftstockton.net	**Oscar Gonzalez** Chairman Texas	Crane, Pecos, Terrell
38 Programs for Human Services, Inc. 1(866) 550-0282 mailto:phs@pnx.com	P.O. Box 1607 Orange, Texas 77631-1607 Tel: (409) 886-0125 Fax: (409) 886-2849	**Tish Foyle-Johnson** Executive Director	**Connie Gray** Tel: (409) 886-4338 Fax: (409) 883-8404	**Steve Neuman** 5502 Bridge Forest Houston Texas 77088	Chambers, Hardin, Jefferson, Liberty, Orange
39 Rolling Plains Management Corporation 1(800) 633-0852 mailto:rpmc@chipshot.net	P.O. Box 490 Crowell, Texas 79227 Tel: (940) 684-1571 Fax: (940) 684-1693	**Felix Taylor** Executive Director	**Marsha Anderson** Tel: Fax:	**John Shavor** Judge Cottle County Courthouse Paducah Texas 79248	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young
40 San Angelo-Tom Green County Health Department	P.O. Box 1751 San Angelo, Texas 76902 Tel: (325) 657-4400 Fax: (325) 481-2632	**Doris Brewer** Chief Executive & Program mailto:dorisb@wcc.net	**Chris Hangan** Tel: Fax: (325) 657-4553	**Tom Adams** City Manager P.O. Box 1751 San Angelo Texas 78204	Tom Green

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41 Senior Citizens Services of Texarkana, Inc. mailto: scstxk@cableone.net	P.O. Box 619 Texarkana, Texas 75504 Tel: (903) 831-7696 Fax: (903) 831-7869	**Eden Leach** Executive Director	**Nancy Bowman** Tel: Fax: mailto: scstxk@cableone.net	**Jack Stone** Route W, Box 360 Texarkana Texas 75501	Bowie
42 Sheltering Arms, Inc.	3838 Aberdeen Way Houston, Texas 77025 Tel: (713) 956-1888 Fax: (713) 956-2079	**Robert E. Phillips** President	**Arcadio Padilla** Tel: (713) 956-1888 E Fax: (713) 685-6590	**Paul Waldner** President and General Manager One Riverway, Suite 1150 Houston Texas 77056	Harris
43 South Plains Community Action Association, Inc. mailto:community.services@spcaa.o	P.O. Box 610 Levelland, Texas 79336 Tel: (806) 894-6104 Fax: (806) 894-5349	**W. D. Powell, Jr.** Executive Director mailto:community.services@spcaa.org	**Luis Perez** Tel: (806) 894-4560 Fax: (806) 894-9695	**Jim Walker** 2033 Rice Levelland Texas 79336	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
44 Texas Neighborhood Services 1(800) 325-6944	314 NW 4th Street Mineral Wells, Texas 76067 Tel: (940) 325-2065 Fax: (940) 325-9640	**Woodrow Kaiser** Executive Director mailto:wkaiser@txns.org	**Randy Lawrence** Tel: Ext. 221 Fax: mailto:rlawrence@txns.org	**Clarence Holliman** Board Chair 210 SW 11th St. Mineral Wells Texas 76067	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
45 Texoma Council of Governments 1(800) 677-8264	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Tel: (903) 893-2161 Fax: (903) 813-3511	**Francis Pelley** Executive Director mailto:fpelley@texoma.cog.tx.us	**Donnie Boyd** Tel: (903) 813-3528 Fax: (903) 813-3539	**Johnny Waldrip** Board Chair C/O agency	Cooke, Fannin, Grayson

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46	**Travis County Health and Human Services Department**	P.O. Box 1748 Austin, Texas 78767 Tel: (512) 854-4100 Fax: (512) 854-4123	**Sherry Fleming** Interim Executive Manager mailto: sherry.fleming@co.travis.tx.us	**Lisa Sindermann** Tel: (512) 854-4594 Fax: (512) 473-4123 mailto:lisa.sindermann@co.travis.tx.us	**Sam Biscoe** County Judge 314 W. 11th St., Suite 250 Austin Texas 78701	Travis
47	**Tri-County Community Action, Inc.**	P.O. Drawer 1748 Center, Texas 75935 Tel: (936) 598-6315 Fax: (936) 598-7272	**Lenola Wyatt-Tutt** Executive Director mailto:lenolatutt@sbcglobal.net	**Janette Williams** Tel: Fax:	**Leroy Hughes** Board Chair P.O. Box 299 San Augustine Texas 75972	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
48	**Webb County Community Action Agency**	1110 Washington St, Suite 203 Laredo, Texas 78040-4443 Tel: (956) 523-4182 Fax: (956) 523-5016	**Mike Kazen** Executive Director mailto:mkazen@webbcountytx.gov	**Maricela Benavides** Tel: Fax: (956) 523-5016 mailto:mbenavides@webbcountytx.gov	**Sylvia Palumbo** c/o agency Texas	Webb
49	**West Texas Opportunities, Inc.** mailto:wto@pics.net	P.O. Box 1308 Lamesa, Texas 79331 Tel: (806) 872-8354 Fax: (806) 872-5816	**Janet Everheart** Executive Director mailto:j.everheart.wto@gmail.com	**Karen Faulkner** Tel: Ext. 215 Fax:	**Bill Meares** 1815 County Rd #14 Lamesa Texas 79331	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton
50	**Williamson-Burnet County Opportunities, Inc.** mailto:wbco@wbco.net	P.O. Box 740 Georgetown, Texas 78627 Tel: (512) 763-1400 Fax: (512) 763-1411	**Andrew Shell** Executive Director	**Terry Acker** Tel: (512) 763-1400 Fax: (512) 763-1411 mailto:tacker@wbco.net	**Jean Crawford** 4224 N. Hwy 281 Burnet Texas 78611	Burnet, Williamson

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1	**Alamo Area Council of Governments** mailto:mail@aacog.com	8700 Tesoro Dr., Ste. 700 San Antonio, Texas 78217 Phone: (210) 362-5245 Fax: (210) 225-5937	**Al J. Notzon, III** mailto:anotzon@aacog.com	**Rose Jackson** mailto:rjackson@aacog.com	**Raymond Ramirez** Mayor 8700 Tesoro, Suite 700 San Antonio Texas 78217	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson
2	**Bee Community Action Agency** 1(800) 358-5534	P.O. Box 1540 Beeville, Texas 78104-1540 Phone: (361) 358-5530 Fax: (361) 358-6591	**Anna Simo** mailto:annasimo@bizstx.rr.com	**J.J Perez** mailto:jjperez@bizstx.rr.com	**Carlos Salazar** County Commissioner Texas	Bee, Live Oak, Refugio
3	**Big Bend Community Action Committee, Inc.** mailto: evbbcac@sbcglobal.net	P.O. Box 265 Marfa, Texas 79843 Phone: (432) 729-4908 Fax: (432) 729-3435	**Emma Vasquez**	**Rosita Garcia** (432) 729-4876 mailto: evbbcac@sbcglobal.net	**Judge George Grubb** P.O. Box 836 Ft. Davis Texas 79734	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell
4	**Brazos Valley Community Action Agency** 1(866) 846-3645 mailto:admin@bvcaa.org	504 E. 27th Street Bryan, Texas 77803 Phone: (979) 779-7443 Fax: (979) 822-7758	**Karen Garber** mailto:kgarber@bvcaa.org	**Rebecca Fortin** (979) 7791708 mailto:rfortin@bvcaa.org	**Mike Holmgreen** PO Box 833 Bryan Texas 77805	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington
5	**Cameron and Willacy Counties Community Projects, Inc.** mailto:cwccp@orbitbroadband.net	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Phone: (956) 544-6411 Fax: (956) 544-6414	**Amalia C. Garza** mailto:cwccp@orbitbroadband.net	**Rigoberto Cavazos** (956) 421-2216	**Mr. Miguel Torres** Chairman Texas	Cameron, Willacy

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6 **Caprock Community Action Association, Inc.** 1(800) 692-4164	224 S. Berkshire Crosbyton, Texas 79322 Phone: (806) 675-7307 Fax: (806) 675-2291	**Claudia Cowley** mailto:claudia.cowley@twc.state.tx.us	**Mr. Jackie Hamersly**	**Judge William Hardin** 105 Main Street Floydada Texas 79235	Crosby, Dickens, Floyd, Hale, King, Motley
7 **Combined Community Action, Inc.** 1(800) 688-9065	165 W. Austin Street Giddings, Texas 78942 Phone: (979) 540-2980 Fax: (979) 542-9565	**Rhoda Marie Gersch** mailto:rmgersch@ccaction.com	**Kelly Franke** (979) 540-2985 mailto:weatherization@ccaction.com	**Shirley Meadows** 310 Oak Street Sealy Texas 77474	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee
8 **Community Action Committee of Victoria Texas** 1(800) 695-0314 mailto:cacv@sbcglobal.net	P.O. Box 3607 Victoria, Texas 77903-3607 Phone: (361) 578-2989 Fax: (361) 578-0062	**Vicki Smith**	**Lisa Tesch**	**Mrs. Patti Goehring** 864 Goehring Road Yorktown Texas 78164	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton
9 **Community Action Corporation of South Texas** 1(800) 664-0145 mailto:M22349@intcomm.net	204 E. 1st Street Alice, Texas 78333-1820 Phone: (361) 664-0145 Fax: (361) 664-0120	**Rafael Trevino, Jr.**	**Robert Guerrero** (361) 661-1300	**Elias Villalobos** Board Chair 716 Hughes St. Alice Texas 78332	Brooks, Jim Wells
10 **Community Action Council of South Texas** mailto:cacst@southtx.quik.com	510 E Eisenhower St Rio Grande City, Texas 78582 Phone: (956) 487-2585 Fax: (956) 487-2871	**Francisco G. Zarate** mailto:pacoz@cacst.org	**Jorge Zamora** Ext.267	**Doroteo N. Garza** Board Chair Rt. 1 Box 720 Zapata Texas 78076	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata

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Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
11 Community Action Program, Inc. mailto:aubrey@nts-online.net	P.O. Box 144 Abilene, Texas 79604-0144 Phone: (325) 673-5785 Fax: (325) 673-5784	**Morris Baker** mailto: morrisbaker@nts-online.net	**Teresa Serda** Ext. 310 mailto:teresaserda@nts-online.net	**Mr. Petty Hunter** Board Chair P.O. Box 3594 Abilene Texas 79604	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton
12 Community Council of Reeves County mailto:ccreeves@netwest.com	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Phone: (432) 447-4913 Fax: (432) 447-4914	**Mary Jane Rios**	**Amparo Valenzuela**	**Henry Freund** Board Chair 302 S. Poplar St. Kermit Texas 79745	Loving, Reeves, Ward, Winkler
13 Community Services Agency of South Texas mailto:csaofsti@sbcglobal.net	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Phone: (830) 876-5219 Fax: (830) 876-5280	**David Ojeda, Jr.**	**David Avalos** (830) 876-0272 910 S. 5th St. Carrizo Springs, Texas 78834	**Roel Rodriguez, Jr.** c/o Agency Texas	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala
14 Community Services, Inc. 1(800) 831-9929	P.O. Box 612 Corsicana, Texas 75151-0612 Phone: (903) 872-2401 Fax: (903) 872-0254	**Pauletta Hines** mailto:csi_csbg@sbcglobal.net	**A.R. Kampschafer** (903) 872-2407	**L.L. Polk, Sr.** 2508 Linda Circle Corsicana Texas 75110	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt

PY 2005 Weatherization Assistance Program

Master List of Subrecipients **Current as of 6/14/2006**

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
15 Concho Valley Community Action Agency mailto:cvcaa@cvc.wtxcoxmail.com	P.O. Box 671 San Angelo, Texas 76902 Phone: (325) 653-2411 Fax: (325) 658-5137	**Sidney Mabry** mailto:cvcaa@cvc.wtxcoxmail.com	**Janet Appleton** (325) 653-1680 1100 North Martin Luther King Dr. San Angelo, Texas 76903-5365	**Hon. Allen Amos** Board Chair P.O. Box 158 Paint Rock Texas 76866	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green
16 Dallas County Department of Health and Human Services	2377 N. Stemmons Fwy, Suite 600, Dallas, Texas 75207-2710 Phone: (214) 819-1858 Fax: (214) 819-6022	**Zachary Thompson** mailto:ZThompson@dallascounty.org	**Daniel Araiza** (214) 819-2884 mailto:daraiza@dallascounty.org	**Margaret Keliher** County Judge 411 Elm Street, 2nd Floor Dallas Texas 75202	Dallas
17 Economic Opportunities Advancement Corporation of Planning Region XI mailto:eoac@hot.rr.com	500 Franklin Avenue Waco, Texas 76701-2111 Phone: (254) 753-0331 Fax: (254) 754-0046	**Johnette Hicks** mailto:jhicks@centexbiz.rr.com	**Tim Whitley** mailto:rslobojan@txucom.net	**Darlene Cates** C/O Agency	Bosque, Falls, Freestone, Hill, Limestone, McLennan
18 El Paso Community Action Program, Project BRAVO, Inc. mailto:bravofinance@earthlink.net	P.O. Box 3445 El Paso, Texas 79923 Phone: (915) 562-4100 Fax: (915) 562-8952	**Sofia Moreno** mailto:smoreno@projectbravo.org	**Mike Martinez**	**Dinna Spencer** 500 E. San Antonio Street, El Paso Texas 79901	El Paso

PY 2005 Weatherization Assistance Program

Master List of Subrecipients

Current as of 6/14/2006

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
19 Fort Worth, City of, Department of Housing	1000 Throckmorton Street Fort Worth, Texas 76102 Phone: (817) 392-7540 Fax: (817) 392-7328	**Jerome E. Walker** mailto:walkerje@ci.fort-worth.tx.us	**Joe Cordova** (817) 392-7554 mailto:joe.cordova@fortworthgov.org	Texas	Tarrant
20 Greater East Texas Community Action Program (GETCAP) 1(800) 621-5746	P.O. Box 631938 Nacogdoches, Texas 75963 Phone: (936) 564-2491 Fax: (936) 564-0302	**Karen Swenson** mailto:kswenson@sbcglobal.net	**Carl Singleton** (936) 564-2491 mailto:carlsingleton@sbcglobal.net	**Robert Crow** P.O. Box 631938 Nacogdoches Texas 75963	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood
21 Hill Country Community Action Association, Inc. mailto:hccaainc@centex.net	P.O. Box 846 San Saba, Texas 76877 Phone: (325) 372-5167 Fax: (325) 372-3526	**Tama Shaw** mailto:tshaw@hccaa.com	**Patti Owen (Assistant)** Ext 222 / Ext 282	**Judge John Hull** Board of Directors 620 E. Main Gatesville Texas 76528	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson
22 Lubbock, City of, Community Development Department mailto: nhaney@mail.ci.lubbock.tx.us	P.O. Box 2000 Lubbock, Texas 79457 Phone: (806) 775-2309 Fax: (806) 775-3281	**Nancy Haney**	**Brad Reed** Lubbock, Texas 79401-3830	**Karen Worley** 4205 88th St. Lubbock Texas 79423	Lubbock
23 Maverick County Human Services Department mailto:mvcowx@sbcglobal.net	1609 Del Rio Blvd. Eagle Pass, Texas 78852 Phone: (830) 773-0045 Fax: (830) 773-2754	**Romelia Cardona** mailto:mvcowx@sbcglobal.net	**Fernando Munoz** mailto:mvcowx@sbcglobal.net	**Rogelio Escobedo** County Judge 500 Quarry Street Eagle Pass Texas 78852	Maverick

PY 2005 Weatherization Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POST OFFICE BOX 13941; AUSTIN, TX 78711-3941
Energy Assistance 512-475-3951

Master List of Subrecipients — **Current as of 6/14/2006**

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
24 Nueces County Community Action Agency	101 South Padre Island Drive Corpus Christi, Texas 78405 Phone: (361) 883-7201 Fax: (361) 883-9173	**Joe A. Martinez** mailto:jam@nccaatx.org	**Alicia A. "Addie" Hurd** Ext 33 mailto:ahurd@nccaatx.org	**George Rosas** 7417 Spitfire Corpus Christi Texas 78412	Nueces
25 Panhandle Community Services 1(800) 676-4727	P.O. Box 32150 Amarillo, Texas 79120-2150 Phone: (806) 372-2531 Fax: (806) 373-8143	**Johnny Raymond** mailto:j-raymond@pcsvcs.org	**Margaret Wolfe** Ext 220 mailto:pcsweather@cox-internet.com	**Judge Donnie Allred** Box 195 Vega Texas 79092	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
26 Programs for Human Services, Inc. 1(866) 550-0282 mailto:phs@pnx.com	P.O. Box 1607 Orange, Texas 77631-1607 Phone: (409) 886-0125 Fax: (409) 886-2849	**Tish Foyle-Johnson**	**Connie Gray** (409) 886-4338	**Steve Neuman** 5502 Bridge Forest Houston Texas 77088	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange
27 Rolling Plains Management Corporation 1(800) 633-0852 mailto:rpmc@chipshot.net	P.O. Box 490 Crowell, Texas 79227 Phone: (940) 684-1571 Fax: (940) 684-1693	**Felix Taylor**	**Mark Halsell** mailto:rpmcea@srcaccess.net	**John Shavor** Judge Cottle County Courthouse Paducah Texas 79248	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young
28 Sheltering Arms, Inc.	3838 Aberdeen Way Houston, Texas 77025 Phone: (713) 956-1888 Fax: (713) 956-2079	**Robert E. Phillips**	**Arcadio Padilla** (713) 685-6513, ext. 6528 or (713) 956-6528	**Paul Waldner** President and General One Riverway, Suite 1150 Houston Texas 77056	Harris

PY 2005 Weatherization Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POST OFFICE BOX 13941; AUSTIN, TX 78711-3941
Energy Assistance 512-475-3951

Master List of Subrecipients

Current as of 6/14/2006

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
29 **South Plains Community Action Association, Inc.** mailto:community.services@spcaa.	P.O. Box 610 Levelland, Texas 79336 Phone: (806) 894-6104 Fax: (806) 894-5349	**W. D. Powell, Jr.** mailto:community.services@spcaa.org	**Henry Tarrango** (806) 894-4560 mailto:henrytarango.commserv@nts-online.net	**Jim Walker** 2033 Rice Levelland Texas 79336	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
30 **Texoma Council of Governments** 1(800) 677-8264	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Phone: (903) 893-2161 Fax: (903) 813-3511	**Francis Pelley** fpelley@texoma.cog.tx.us	**Mark Bullard** (903) 813-3526 mailto:mbullard@texoma.cog.tx.us	**Johnny Waldrip** Board Chair C/O agency	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus
31 **Travis County Health and Human Services Department**	P.O. Box 1748 Austin, Texas 78767 Phone: (512) 854-4100 Fax: (512) 854-4123	**Sherry Fleming** mailto: sherry.fleming@co.travis.tx.us	**Robert Peterson** (512) 479-8355 5021 E.Cesar Chavez Austin, Texas 78702 mailto:bob.petersen@co.travis.tx.us	**Sam Biscoe** County Judge 314 W. 11th St., Suite 250 Austin Texas 78701	Travis
32 **Tri-County Community Action, Inc.**	P.O. Drawer 1748 Center, Texas 75935 Phone: (936) 598-6315 Fax: (936) 598-7272	**Lenola Wyatt-Tutt** mailto:lenolatutt@sbcglobal.net	**Beth Stroope** Ext. 23 mailto:bethstroope@sbcglobal.net	**Leroy Hughes** Board Chair P.O. Box 299 San Augustine Texas 75972	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
33 **Webb County Community Action Agency**	1110 Washington St, Suite 203 Laredo, Texas 78040-4443 Phone: (956) 523-4182 Fax: (956) 523-5016	**Mike Kazen** mailto:mkazen@webbcountytx.gov	**Veronica Verduzco** (956) 523-4174	**Sylvia Palumbo** c/o agency Texas	Webb

PY 2005 Weatherization Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POST OFFICE BOX 13941; AUSTIN, TX 78711-3941
Energy Assistance 512-475-3951

Master List of Subrecipients

Current as of 6/14/2006

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
34 West Texas Opportunities, Inc. mailto:wto@pics.net	P.O. Box 1308 Lamesa, Texas 79331 Phone: (806) 872-8354 Fax: (806) 872-5816	**Janet Everheart** mailto:j.everheart.wto@gmail.com	**Mark Shofner** Ext. 221	**Bill Meares** 1815 County Rd #14 Lamesa Texas 79331	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

____

Signature

Executive Director

Title

Texas Department of Housing & Community Affairs

Organization

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

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Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—
Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the

eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

****

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central pint is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies.

4. For grantees who are individuals, Alternate II applies.

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. Definitions of terms in the Non-procurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about --

(1)The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted --

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

____

____

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)
(Not applicable to this plan.) [55 FR 21690, 21702, May 25, 1990]

VENDOR AGREEMENT

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The purpose of the Comprehensive Energy Assistance Program (CEAP) funded from the Low-Income Home Energy Assistance Program (LIHEAP) grant is to maintain an energy supply to heat and cool the residences of eligible low-income clients.

For purposes of this agreement, a Retail Electric Provider is defined as a municipally owned utility, an electric cooperative, or an investor-owned utility as certified by the Texas Public Utility Commission.

The Retail Electric Provider, (or "Vendor,") agrees to honor the purpose of the CEAP and to accept pledges of payment from CEAP agencies only for certified customers to whom Vendor continues to provide energy services. The Energy Assistance Provider, (or "Agency,") agrees to make payments only for eligible low-income clients.

This vendor agreement is by and between:

____ and
Energy Assistance Provider (Agency)

____
Retail Electric Provider (Vendor)

____

Vendor and Agency agree to assist customers in the following counties:

____

____

____

This agreement shall be effective from the ______day of ____________________2004 for a period not to exceed two years from the effective date. Either party may terminate this agreement by written notice. Such written notice of termination shall not affect any obligation by either party incurred prior to the receipt of such notice. Notice shall be sent via certified mail with return receipt requested.

____
(Vendor Name)

____
(Vendor Mailing Address)

____
(Name of Agency)

____
(Agency Mailing Address)

The Agency named above represents and warrants to Vendor that it is a subrecipient of the Texas Department of Housing and Community Affairs ("TDHCA") and as such is authorized and has received funding from the TDHCA to provide bill payment assistance service for eligible low-income households.

The Vendor named above is a Retail Electric Provider certified by the Public Utility Commission of Texas and represents and warrants that it is authorized to receive payments from Agency on behalf of a customer that the Agency has determined to be eligible under the CEAP guidelines and as such is a "Certified Customer".

Vendor will, with reference to a Certified Customer:

- Extend the CEAP applicant's electric service for up to five (5) business days while the Agency determines whether the CEAP applicant is eligible pursuant to the CEAP guidelines;

- Upon accepting pledge from Agency for Certified Customer, continue or restore electric service to Certified Customer without any increase in kilowatt charges, services charges, or other charges affecting the total cost of the bill;

- Invoice the Certified Customer in accordance with Vendor’s normal billing practices.

- Upon verbal or written request from Agency, provide at no cost to the Agency the Certified Customer’s billing and usage history for the previous twelve (12) months, or available history plus monthly estimates if less than 12 months of billing history and usage is available. Vendor will transmit such billing history via electronic mail or facsimile no later than the end of the next business day following the request. All histories will be provided in accordance with PUC Substantive Rules Section 25.472(b)(4).

- Work with Agency and Certified Customer to explore the feasibility of offering flexible payment arrangements that may include, without limitation, waiving security deposits, reconnect fees, application fees, and all other fees whenever possible;

- Not discriminate against Certified Customer in price or services, including the availability of deferred payment plans, level or average payment plans, discount, budget, advance payment or other credit plans;

- Not refuse to provide electric service or otherwise discriminate in the marketing and provision of electric service to any Certified Customer because of race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, financial status, location of customer in an economically distressed geographic area, or qualification for low-income or energy-efficiency services;

- Allow Agency forty-five (45) days from the date of the pledge to forward payment to the vendor. Vendor agrees not to consider the portion of the Certified Customer’s account to be paid by the Agency delinquent if said payment is received within the above mentioned forty-five (45) day period and Vendor is provided with a signed pledge from the Agency within 5 days of identifying a Certified Customer and making the pledge;

- Not interrupt service if Certified Customer enters into an agreement with the Vendor concerning how the Certified Customer will pay the balance owed Vendor and the Certified Customer is meeting the obligations under such agreement.

- **The Agency will:**

- Not provide pledges on behalf of a Certified Customer to Vendor without having adequate funds to pay such pledge;

- Pay pledges within forty-five (45) days of making pledge to Vendor;

- Determine if a customer is a Certified Customer within five (5) business days of contacting Vendor.

- Provide Vendor a list of names, telephone numbers and e-mail addresses of Agency staff designated to make pledges on behalf of the Agency and Certified Clients.

The terms of any confidential transaction under this agreement or any other information exchanged by the Agency and Vendor relating to any transaction shall not be disclosed to any person not employed or retained by the Agency or Vendor, their affiliates, or brokers, except to the extent disclosure is 1) required by law; 2) necessary to disclose to the other party in connection with a dispute between the parties; 3) otherwise permitted by written consent of the other party; 4) required by guarantors to be disclosed; 5) information which must be disclosed to a third party to transmit energy; 6) to meet reliability council, regulatory, administrative, judicial, governmental, or regulated commodity exchange requirements where necessary; or 7) of information which was or is hereafter in the public domain (except by breach of this Agreement.)

______________________________	______________________________
Authorized Vendor Signature	Date Agreement Signed
______________________________	
Typed Name of Authorized Signature	
______________________________	______________________________
Title of Authorized Signature	(Area Code) Telephone Number
______________________________	______________________________
Authorized Agency Signature	Date Agreement Signed
______________________________	
Typed Name of Authorized Signature	
______________________________	______________________________
Title of Authorized Signature	(Area Code) Telephone Number

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

August 30, 2006

Action Items

Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Award to Val Verde County.

Required Action

Approval of a Colonia Self Help Center (SHC) Award to Val Verde County.

Background

Colonia Self-Help Centers Program

In 1995, the 74th Legislature passed Senate Bill 1509, which is incorporated in the Texas Government Code, Chapter 2306, Sub-chapter Z; a legislative directive to the Texas Department of Housing and Community Affairs (TDHCA) to establish Colonia Self-Help Centers (SHC) in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA and the Office of Colonia Initiatives (OCI) determines it necessary and appropriate, TDHCA may establish a Colonia Self Help Center (SHC) in any other county if the county is designated as an economically distressed are under Chapter 17 of the Water Code. In 2001, TDHCA opened two additional centers in Maverick and Val Verde Counties to address the needs in these counties.

Tex. Gov. Code Ann. §2306.583 requires TDHCA in consultation with the colonia residents advisory committee (C-RAC) and the appropriate local county staff to designate five colonias in each service area based on demographic characteristics (i.e. number of houses, number of residents, platted/unplatted, water, sewer, utilities, etc.) which is approved by the local County Commissioners Court. The local county conducts and completes a Needs Assessment for each of the five selected colonias. Based on the results obtained by the Needs Assessments, the local county develops a scope of work for each selected colonia. In order to provide these services, the counties will be required to leverage funds, coordinate with financial institutions, prepare grant applications and coordinate with their contracted partners.

Upon completion of the Needs Assessments, the county will publish a Request for Proposals (RFP) for a Colonia SHC provider. Each RFP is reviewed and scored by county staff. The county recommendations are presented before the County Commissioners Court for its review and approval. The county is required to establish a Colonia SHC to provide services to colonia residents as described in Section 2306.586 (c) of the Tex, Gov. Code and that the activities provided are in line with the results of the Needs Assessments.

Colonia SHC Funding

Operation of the Colonia SHC is funded through a 2.5% set-aside of the annual Community Development Block Grant (CDBG) allocation which is approximately $2.2 million per year. The CDBG funds are transferred to TDHCA through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA) and TDHCA. The Colonia SHC contracts are two-year contracts and funded in rotating years.

The funding for this program is also renewed every legislative session through ORCA's Rider 5 of the General Appropriations Act of the 79th Legislative, Regular Session and Rider 14 to TDHCA's appropriation for the 2006-2007 biennium.

Colonia SHC Award Description

Val Verde County (the County) conducted and completed a Needs Assessment for each of the selected five (5) colonias within. The County published a Request for Proposals (RFP) for a SHC provider that would be able to meet the needs identified in the needs assessment, reviewed and scored each proposal and made its recommendation to the County Commissioners Court. The County Commissioners Court approved the County's recommendation to select the Del Rio Housing Authority to manage the Colonia SHC. This will be Val Verde County's second Colonia SHC contract.

Contractor: Val Verde County

Contact: The Honorable Mike L. Fernandez

Address: Val Verde County Courthouse
Del Rio, Texas 78840

Purpose of Contract: The County of Val Verde shall provide housing and community development to the following colonias: Val Verde Park Estates, Cienegas Terrace Subdivision I, Cienegas Terrace Subdivision II, Villareal Subdivision, and Escondido Estates. The County through its local nonprofit provider the Del Rio Housing Authority proposes to do the following housing and community development activities:

Performance activity	Proposed	Budget
Lot acquisition	4	$40,000.00
Title search	4	$1,200.00
Survey	4	$1,600.00
Outreach	1,420	$4,100.00
Technical assistance	40	$4,000.00
Colonia meeting	6	$1,200.00
Tool lending library/checkouts	1/150	$3,700.00
Construction and tutoring educational classes	30	$44,800.00
Colonia beautification	6	$19,000.00
Relocation	10	$2,000.00
Residential rehabilitation	50	$425,000.00
Homeownership assistance down payment/closing cost	9	$90,000.00
SHC administration	NA	$180,396.00

The Colonia SHC contract will benefit three thousand four hundred sixty (3,460) colonia residents.

Val Verde County's Prior Contract Performance

ACTIVITY	PERFORMANCE GOALS	TOTAL GOALS COMPLETED	PERCENT OF GOALS COMPLETED
Outreach	200	200	100%
Technical assistance	50	487	974%
Colonia meetings	4	4	100%
Tool library	95	166	175%
Tool training	28	78	299%
Technology center	1	1	100%
House repairs	50	53	106%
Alternative housing	1	1	100%

Recommendation

Approval of Colonia SHC funding Award to Val Verde County for the operation of the Val Verde Colonia SHC.

NAME	*AMOUNT*	*SOURCE*
Val Verde County	$389,784.00	2005 CDBG Funds
	$460,216.00	2006 CDBG Funds
	$850,000.00	

Contract Amount: $850,000.00

Original Contract Period: 05/01/2006 to 05/01/2008

PROPOSAL
for
2006-2007

Self Help Center
Val Verde County

Del Rio Housing Authority

DECEMBER 2005

Strategic Plan for 2006 - 2007

Self Help Center
Val Verde County

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INTRODUCTION

Val Verde County is located on the Texas-Mexico border approximately 155 miles west of the City of San Antonio, Texas and approximately 56 miles northwest of the City of Eagle Pass, Texas. The City of Del Rio is the largest community in Val Verde County and thus its county seat. As is the case all along the Texas-Mexico border, Val Verde County has subdivisions (Colonias) throughout the surrounding area that are substandard. All these colonias were developed prior to the Legislature taking any action on setting the subdivision rules that now govern.

Although the county has several colonias, we continue to focus our energy on and work within four specific colonias in which work has already begun; 1) Val Verde Park Estates, 2) Cienegas Terrace Subdivision, 3) Villarreal Subdivision and 4) Escondido Estates. In order to assist the County in its efforts of helping the community, Val Verde County commissioned the assistance of Amistad Consulting Services and Frontera Consulting Services jointly to conduct a Comprehensive Colonia Study and Plan. This plan is dated November 2004 and its main purpose was threefold:

- To identify the existing locations of and conditions in its "colonia" areas.
- Assess the conditions in the unincorporated communities of Val Verde County.
- To identify the needs and possible solutions for those needs, particularly in the area of the water, sewer and housing.

The findings of the Comprehensive Colonia Study and Plan serve as the basis for the continued need of the operations within the Val Verde County Self Help Center. The study documents the poor condition of these four targeted colonias. It further classified the dwelling conditions in four different categories; 1) Standard, 2) Substandard, 3) Dilapidated and 4) Under Construction. Cumulatively, the study shows that of the 1387 dwellings evaluated 282 were classified as being substandard or in dilapidated conditions.

Together the County of Val Verde and the City of Del Rio have worked extremely hard for a number of years to bring water and wastewater infrastructure to these areas. Now that the infrastructure is in place, Val Verde County is prepared to transition into the area of housing improvements through rehabilitation and training activities. The services proposed to be offered by the Self Help Center will enable area residents to work toward bringing their homes to the standards that are set forth by HUD Section 8 Housing Quality Standards.

PROJECT DESCRIPTION:

The main objective of the Val Verde County Self Help Center is to assist colonia residents in the effort of converting their neighborhoods into safe, sanitary subdivisions with soundly constructed, properly insulated, comfortably heated and reasonably cooled houses to safeguard the health and welfare of all, in particular the very old and the very young. Val Verde County will continue to address the need for upgrading residences through the continued operation of the Self Help Center. The Self Help Center is located in the area of the colonias of Val Verde Park Estates and Villarreal Subdivision, but is available for all three colonias until a second center can be established in the Cienegas Terrace Subdivision.

The Self Help Center offers a Tool Lending Library, Construction/Rehabilitation Instruction, and Contract for Deed Consumer education activities. The Center Director and staff will be tasked with the procurement of additional funds to be used to assist households within Val Verde County.

The work of the County's Self Help Center will be to provide the education, training, and opportunities to empower the individual homeowners. Notwithstanding, it will ultimately be the individual homeowner that will be the one that is responsible for making the appropriate decisions as to the degree of personal success to be achieved.

Val Verde County
Self Help Center

GOALS, STRATEGIES AND OBJECTIVES

□ **GOAL #1 - Tool Lending Library:**
To make available all the resources that are necessary to educate and enable all the colonia residents to effect home improvement projects. The Self Help Center will continue to maintain the Tool Lending Library and make it available to individuals residing within the service area. The Self Help Center will insure that the individuals conducting the training for the library are well qualified.

□ **Strategy** - To utilize the Tool Lending Library to its maximum potential.

□□ **Objective** - Maintain a current and updated inventory.

□ **Strategy** - Establish criteria for the lending and a time line for returning the tools to the library.

□□ **Objective** - Document, disseminate and implement established procedures to be used without exception.

□ **Strategy** - Provide continued on-going instructions on the use of power tools and safety procedures that must be followed.

□□ **Objective** - Schedule classes (1) once every quarter and maintain a record of attendance.

□ **Strategy** - Instruct residents on the rules for borrowing and returning of tools.

□□ **Objective** - Maintain records of all tools and all borrowers.

□ **Strategy** - Provide a supply of building materials to be used for instruction.

□□ **Objective** - Utilize some of the funds to purchase the needed supplies and materials for instruction.

□ **Strategy** – Provide a list of worn and damaged tools.

□□ **Objective** - Utilize some of the funds to purchase or replace tools.

☐ **GOAL #2 - Outreach and Education for Construction and Rehabilitation:**
The Self Help Center will conduct several basic construction/rehabilitation instruction programs for individuals residing within the service area. The instruction programs will include, but not be limited to, instructions on: foundation, plumbing, framing, electrical, drywall, roofing, flooring, insulation, and planning of home additions.

☐ **Strategy** - Secure consultants that will instruct the colonia residents on how to plan home additions along with minor and major home repair projects.

☐☐ **Objective** - Complete six (6) educational workshops on the subject.

☐☐ **Objective** - Maintain a list of qualified consultants on file.

☐☐ **Objective** - Maintain a list of all residential participants on file.

☐ **Strategy** - Contract with qualified consultants that will instruct the colonia residents on carpentry and plumbing skills.

☐☐ **Objective** - Complete six (6) educational workshops on the subject.

☐☐ **Objective** - Maintain a list of qualified consultants on file.

☐☐ **Objective** - Maintain a list of all residential participants on file.

☐ **Strategy** - Secure qualified consultants that will instruct the colonia residents how to calculate quantities of materials and estimated cost of home repair projects.

☐☐ **Objective** - Complete six (6) educational workshops on the subject.

☐☐ **Objective** - Maintain a list of qualified consultants on file.

☐☐ **Objective** - Maintain a list of all residential participants on file.

☐ **Strategy** - Procure and provide sets of simple and affordable house plans.

☐☐ **Objective** - Maintain a file with a variety of house plans from which the colonia residents can select.

☐☐ **Objective** - Maintain a list of all residential participants on file.

□ **GOAL #3 - Grant Proposal:**
Actively pursue funding from grants and other outside sources to finance much needed home improvement activities within the County of Val Verde.

□ **Strategy** - The Self Help Center will prepare a minimum of two (2) applications in order to assist the targeted colonia residents. The minimum sources which will be included are; 1) Contract for Deed Conversion Program (TDHCA), 2) Owner Occupied Housing Assistance Program (TDHCA), 3) Texas Bootstrap Loan Program (TDHCA), 4) Housing Rehabilitation, Meadows Foundation, and 5) Federal Home Land Bank (FHLB).

□□ **Objective** - Identify homes that are in the greatest need of home repair and rehabilitation within the targeted areas.

□□ **Objective** - Document interviews and selection criteria used along with the number of persons per household, etc.

□ **GOAL #4 - Home Rehabilitation:**
The homes that are to be selected are identified in the Comprehensive Colonia Study and Plan conducted by Amistad Consulting Services and Frontera Consulting Services jointly, and dated November 2004. The number of households served will be contingent upon funding approval and on a pro-rate basis. The number served in each colonia will be determined by the Self Help Center and will be driven by the available funding.

□ **Strategy** - Identify and select home rehabilitation activities in twenty four (24) homes needing the improvements in the colonia of **Val Verde Park Estates**.

□□ **Objective** - Execute twenty four (24) home improvements projects at a cost not to exceed eight thousand five hundred dollars ($8,500) each over a two year period in the colonia of **Val Verde Park Estates**.

□ **Strategy** - Identify and select home rehabilitation activities in twenty two (22) homes needing the improvements in the colonia of **Cienegas Terrace Subdivision**.

□□ **Objective** - Execute twenty two (22) home improvements projects at a cost not to exceed eight thousand five hundred dollars ($8,500) each over a two year period in the colonia of **Cienegas Terrace Subdivision**.

□ **Strategy** - Identify and select home rehabilitation activities in four (4) homes needing the improvements in the colonia of **Villarreal Subdivision**.

□□ **Objective** - Execute four (4) home improvements projects at a cost not to exceed eight thousand five hundred dollars ($8,500) each over a two year period in the colonia of **Villarreal Subdivision**.

□ **GOAL #5 – Down Payment Assistance /Closing Costs and other fees:**
The Self-Help Center will provide down payment assistance, closing costs and other fees associated in purchasing a home to nine (9) families residing in the service areas of Cienegas Terrace, Val Verde Park Estates, and Villarreal Subdivision. Three (3) families will reside in Cienegas Terrace. Five (5) families will reside in Val Verde Park Estates, and one (1) family will reside in Villarreal Subdivision. This will assist the families to become homeowners by building a new home or acquire an existing home. These funds will help lower their mortgage payment.

□ **Strategy** – Alleviate crowded conditions in the colonias where two families reside in one lot. This will enable one family to purchase a home, therefore alleviating the crowded conditions.

□□ **Objective** - Execute nine (9) Down Payment /Closing Costs assistance for families to purchase homes in the service areas not to exceed a total of $10,000 per unit.

EXHIBIT A

PERFORMANCE STATEMENT

VAL VERDE COUNTY

The Housing Authority of the City of Del Rio, hereinafter referred to as "Contractor" shall carry out the following activities in the targeted areas identified in the Self Help Center (SHC) Proposal for 2006-2007. Contractor shall ensure that total funds expended for each activity herein does not exceed the amount specified for each activity in Exhibit B, Val Verde County Self Help Center Budget.

(1) ACQUISITION, DISPOSITION **$ 42,800.00**

■ ***Lot Acquisition*** $40,000.00

Contractor shall utilize forty thousand ($40,000.00) dollars to acquire four empty residential lots in targeted colonia areas.

$40,000.00 lot acquisition. (4 lots @ $10,000.00 each)

These activities shall benefit four (4) households, of which sixteen (16) residents or one hundred percent (100%) are of low to moderate income.

■ ***Title Search*** $1,200.00

Contractor shall utilize one thousand two hundred ($1,200.00) dollars to perform four residential title searches in targeted colonia areas.

$1,200.00 title searches (4 searches @ $300.00 each)

These activities shall benefit four (4) households, of which sixteen (16) residents or one hundred percent (100%) are of low to moderate income.

■ ***Lot Survey*** $1,600.00

Contractor shall utilize one thousand six hundred ($1,600.00) dollars to perform four residential lot surveys in targeted colonia areas.

$1,600.00 lot surveys (4 lot surveys @ $400.00 each)

These activities shall benefit four (4) households, of which sixteen (16) residents or one hundred percent (100%) are of low to moderate income.

(7) PUBLIC SERVICE **$ 77,700.00**

■ ***Outreach*** $1,800.00

Contractor will disseminate information regarding all Self Help Center activities and related programs to approximately eight hundred and sixty five (865) targeted colonia residents during the contract period. Self Help Center will distribute flyers door-to-door, in area convenient stores, churches, etc. to inform and encourage colonia residents to attend Self Help Center colonia meetings for activity updates and inform them of available resources. The flyers will be distributed in **Val Verde Park Estates**.

These activities shall benefit eight hundred and sixty five (865) households, of which three thousand four hundred and sixty (3460) residents or one hundred percent (100%) are of low to moderate income.

■ ***Outreach*** $1,600.00

Contractor will disseminate information regarding all Self Help Center activities and related programs to approximately five hundred and ten (510) targeted colonia residents during the contract period. Self Help Center will distribute flyers door-to-door, in area convenient stores, churches, etc. to inform and encourage colonia residents to attend Self Help Center colonia meetings for activity updates and inform them of available resources. The flyers will be distributed in **Cienegas Terrace Subdivision**.

These activities shall benefit five hundred and ten (510) households, of which two thousand and forty (2040) residents or one hundred percent (100%) are of low to moderate income.

■ ***Outreach*** $300.00

Contractor will disseminate information regarding all Self Help Center activities and related programs to approximately twelve (12) targeted colonia residents during the contract period. Self Help Center will distribute flyers door-to-door, in area convenient stores, churches, etc. to inform and encourage colonia residents to attend Self Help Center colonia meetings for activity updates and inform them of available resources. The flyers will be distributed in **Villarreal Subdivision**.

These activities shall benefit twelve (12) households, of which forty eight (48) residents or one hundred percent (100%) are of low to moderate income.

■ ***Outreach*** $400.00

Contractor will disseminate information regarding all Self Help Center activities and related programs to approximately thirty three (33) targeted colonia residents during the contract period. Self Help Center will distribute flyers door-to-door, in area convenient stores, churches, etc. to inform and encourage colonia residents to attend Self Help Center colonia meetings for activity updates and inform them of available resources. The flyers will be distributed in **Escondido Estates**.

These activities shall benefit thirty three (33) households, of which one hundred and thirty two (132) residents or one hundred percent (100%) are of low to moderate income.

■ *Technical Assistance* $1,800.00
Contractor shall perform eighteen (18) technical assistance visits to residents informing them of complimentary programs, perform housing assessments and provide planning assistance in regards to housing. Self Help Center staff will invite guest speakers to colonia meetings to provide technical assistance on a volunteer basis on topics of health awareness and home safety of residents of **Val Verde Park Estates.**

These activities shall benefit eighteen (18) households, of which seventy two (72) residents or one hundred percent (100%) are of low to moderate income.

■ *Technical Assistance* $1,600.00
Contractor shall perform sixteen (16) technical assistance visits to residents informing them of complimentary programs, perform housing assessments and provide planning assistance in regards to housing. Self Help Center staff will invite guest speakers to colonia meetings to provide technical assistance on a volunteer basis on topics of health awareness and home safety of residents of **Cienegas Terrace Subdivision**.

These activities shall benefit sixteen (16) households, of which sixty four (64) residents or one hundred percent (100%) are of low to moderate income.

■ *Technical Assistance* $300.00
Contractor shall perform three (3) technical assistance visits to residents informing them of complimentary programs, perform housing assessments and provide planning assistance in regards to housing. Self Help Center staff will invite guest speakers to colonia meetings to provide technical assistance on a volunteer basis on topics of health awareness and home safety of residents of **Villarreal Subdivision**.

These activities shall benefit three (3) households, of which twelve (12) residents or one hundred percent (100%) are of low to moderate income.

■ *Technical Assistance* $300.00
Contractor shall perform three (3) technical assistance visits to residents informing them of complimentary programs, perform housing assessments and provide planning assistance in regards to housing. Self Help Center staff will invite guest speakers to colonia meetings to provide technical assistance on a volunteer basis on topics of health awareness and home safety of residents of **Escondido Estates**.

These activities shall benefit three (3) households, of which sixteen (12) residents or one hundred percent (100%) are of low to moderate income.

■ *Colonia Meetings* $600.00
Contractor shall perform two (2) colonia resident meetings during the two year contract period in the colonia of **Val Verde Park Estates.**

These activities shall benefit eight hundred and sixty five (865) households, of which three thousand four hundred and sixty (3460) residents or one hundred percent (100%) are of low to moderate income.

■ *Colonia Meetings* $400.00
Contractor shall perform two (2) colonia resident meetings during the two year contract period in the colonia of **Cienegas Terrace Subdivision**.

These activities shall benefit five hundred and ten (510) households, of which two thousand and forty (2040) residents or one hundred percent (100%) are of low to moderate income.

■ *Colonia Meetings* $200.00
Contractor shall perform two (2) colonia resident meetings during the two year contract period in the colonia of **Villarreal Subdivision**.

This activity shall benefit twelve (12) households, of which forty eight (48) residents or one hundred percent (100%) are of low to moderate income.

■ *Tool Lending Library* $1,500.00
Contractor shall maintain one (1) tool lending library which shall be available to colonia residents. Residents will check out tools and equipment from the lending library approximately seventy five (75) times during the contract period. Tools and equipment will be made available under supervision, and/or through self-help home improvements, and construction instruction, to all targeted colonia residents in **Val Verde Park Estates**.

These activities shall benefit eight hundred and sixty five (865) households, of which three thousand four hundred and sixty (3460) residents or one hundred percent (100%) are of low to moderate income.

■ *Tool Lending Library* $1,200.00
Contractor shall maintain one (1) tool lending library which shall be available to colonia residents. Residents will check out tools and equipment from the lending library approximately sixty six (66) times during the contract period. Tools and equipment will be made available under supervision, and/or through self-help home improvements, and construction instruction, to all targeted colonia residents in **Cienegas Terrace Subdivision.**

These activities shall benefit five hundred and ten (510) households, of which two thousand and forty (2040) residents or one hundred percent (100%) are of low to moderate income.

■ *Tool Lending Library* $1,000.00
Contractor shall maintain one (1) tool lending library which shall be available to colonia residents. Residents will check out tools and equipment from the lending library

approximately nine (9) times during the contract period. Tools and equipment will be made available under supervision, and/or through self-help home improvements, and construction instruction, to all targeted colonia residents in **Villarreal Subdivision**.

This activity shall benefit twelve (12) households, of which forty eight (48) residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Construction Classes</u>*** $1,800.00
Contractor shall utilize available funds to provide not less than twelve (12) tool safety and construction classes (fall protection), material handling, first aid and CPR, etc., during the contract period, to participants of colonia residents in **Val Verde Park Estates**.

These activities shall benefit eight hundred and sixty five (865) households, of which three thousand four hundred and sixty (3460) residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Construction Classes</u>*** $1,600.00
Contractor shall utilize available funds to provide not less than twelve (12) tool safety and construction classes (fall protection), material handling, first aid and CPR, etc., during the contract period, to participants of colonia residents in **Cienegas Terrace Subdivision**.

These activities shall benefit five hundred and ten (510) households, of which two thousand and forty (2040) residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Construction Classes</u>*** $400.00
Contractor shall utilize available funds to provide not less than three (3) tool safety and construction classes (fall protection), material handling, first aid and CPR, etc., during the contract period, to participants of colonia residents in **Villarreal Subdivision.**

This activity shall benefit twelve (12) households, of which forty eight (48) residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Tutoring and Educational Programs</u>*** <u>$41,900.00</u>
Contractor will utilize program funds to contract or hire qualified instructors to conduct tutoring and educational programs and assistance in the preparation of income tax return claims / forms (VITA), to the residents and there families in the colonias of **Val Verde Park Estates, Cienegas Terrace, and Villarreal Subdivision.**

1.- 2 Teachers; 4 hrs @ day x 5 days = $ 34,400.00
2.- 1 IRS clerk; 8 hrs @ day x 5 days = $ 7,500.00

(Temporary from January – April)

This activity shall benefit one thousand three hundred and eighty seven (1387) households, of which five thousand five hundred and forty eight (5548) residents or one hundred percent (100%) are of low to moderate income. This activity will also benefit future families that will be moving into the new 42 Units (Farm Labor Housing) that will start construction within the next sixty (60) days.

- ***Colonia Beautification*** $ 9,000.00

Contractor will utilize nine thousand ($9,000.00) dollars for three (3) colonia beautification activities such as clean-up campaigns of lots, the removal of junk vehicles and trash pick-up for the colonia residents in **Val Verde Park Estates**.

These activities shall benefit eight hundred and sixty five (865) households of which three thousand four hundred and sixty (3460) residents or one hundred percent (100%) are of low to moderate income.

- ***Colonia Beautification*** $7,000.00

Contractor will utilize seven thousand ($7,000.00) dollars for two (2) colonia beautification activities such as clean-up campaigns of lots, the removal of junk vehicles and trash pick-up for the colonia residents in **Cienegas Terrace Subdivision**.

These activities shall benefit five hundred and ten (510) households, of which two thousand and forty (2040) residents or one hundred percent (100%) are of low to moderate income.

- ***Colonia Beautification*** $3,000.00

Contractor will utilize three thousand ($3,000.00) dollars for one (1) colonia beautification activities such as clean-up campaigns of lots, the removal of junk vehicles and trash pick-up for the colonia residents in **Villarreal Subdivision**.

These activities shall benefit twelve (12) households, of which forty eight (48) residents or one hundred percent (100%) are of low to moderate income.

(8) RELOCATION $ 2,000.00

- Relocation $ 2,000.00

Contractor shall assist ten (10) families in the targeted colonias with temporary housing when the rehabilitation require disconnection of utility services. This activity will be performed in the colonia's of **Val Verde Park Estates, Cienegas Terrace, and Villarreal Subdivision.**

These activities shall benefit ten (10) households, of which forty (40) residents or one hundred percent (100%) are of low to moderate income.

(9) RESIDENTIAL REHABILIATION **$ 425,000.00**

- **Home Rehabilitation** **$204,000.00**

Contractor shall assist twenty four (24) owner occupied housing units (residents) with new construction materials to perform home rehabilitation at a cost of up to eight thousand five hundred dollars ($8,500.00)-per unit. These repairs shall be performed as individual small repairs considered in need of immediate attention. This activity will be performed in the colonia of **Val Verde Park Estates.**

These activities shall benefit twenty four (24) households, of which ninety six (96) residents or one hundred percent (100%) are of low to moderate income.

- **Home Rehabilitation** **$187,000.00**

Contractor shall assist twenty two (22) owner occupied housing units (residents) with new construction materials to perform home rehabilitation at a cost of up to eight thousand five hundred dollars ($8,500.00) per unit. These repairs shall be performed as individual small repairs considered in need of immediate attention. This activity will be performed in the colonia of **Cienegas Terrace Subdivision.**

These activities shall benefit twenty two (22) households, of which eighty eight (88) residents or one hundred percent (100%) are of low to moderate income.

- **Home Rehabilitation** **$34,000.00**

Contractor shall assist four (4) owner occupied housing units (residents) with new construction materials to perform home rehabilitation at a cost of up to eight thousand five hundred dollars ($8,500.00) per unit. These repairs shall be performed as individual small repairs considered in need of immediate attention. This activity will be performed in the targeted colonia of **Villarreal Subdivision.**

These activities shall benefit four (4) households, of which sixteen (16) residents or one hundred percent (100%) are of low to moderate income.

(13) ADMINISTRATION, PLANNING AND MANAGEMENT **$ 212,500.00**

- **Self-Help Administration** **$180,396.00**

The Self-Help Center shall utilize up to one hundred eighty thousand three hundred ninety-six ($180,396.00) dollars to carry out the day-to-day operations for the self help center.

- **DRHA Administration** **$ 30,104.00**

The Housing Authority of the City of Del Rio shall utilize thirty thousand one hundred four ($30,104.00) dollars to administer the Colonia Self Help Center Program.

■ **<u>Proposal Research & Development</u>** **<u>$ 2,000.00</u>**
Val Verde County Self Help Center shall utilize two thousand ($2,000.00) dollars to prepare a minimum of two (2) applications in order to assist the targeted residents. The minimum sources which will be included are; 1) Contract for Deed Conversion Program (TDHCA), 2) Owner Occupied Housing Assistance Program (TDHCA), 3) Texas Bootstrap Loan Program (TDHCA), 4) Housing Rehabilitation, Meadows Foundation, and 5) Federal Home Lending Bank (FHLB).

<u>(17) HOMEOWNERSHIP ASSISTANCE</u> **<u>$ 90,000.00</u>**

■ ***<u>Down Payment Assistance/Closing Cost</u>*** <u>$50,000.00</u>
Contractor will utilize fifty thousand ($50,000.00) dollars for benefit of five (5) residential families that require down payment assistance. This will cover down payment assistance for the acquisition of new real estate that will benefit the colonia residents in **Val Verde Park Estates**.

These activities shall benefit five (5) households, of which twenty (20) residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Down Payment Assistance/Closing Cost</u>*** <u>$30,000.00</u>
Contractor will utilize thirty thousand ($30,000.00) dollars for benefit of three (3) residential families that require down payment assistance. This will cover down payment assistance for the acquisition of new real estate that will benefit the colonia residents in **Cienegas Terrace Subdivision**.

These activities shall benefit four (3) households, of which twelve (12)residents or one hundred percent (100%) are of low to moderate income.

■ ***<u>Down Payment Assistance/Closing Cost</u>*** <u>$10,000.00</u>
Contractor will utilize ten thousand ($10,000.00) dollars for benefit of one (1) residential family that require down payment assistance. This will cover down payment assistance for the acquisition of new real estate that will benefit the colonia residents in **Villarreal Subdivision.**

These activities shall benefit one (1) households, of which four (4) residents or one hundred percent (100%) are of low to moderate income.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

August 30, 2006

Action Items

Presentation, Discussion and Possible Approval of a Memorandum of Understanding (MOU) between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs (ORCA) regarding the management of Community Development Block Grant (CDBG) funds for the Colonia Self-Help Center Program (SHC).

Required Action

Request for Approval of MOU.

Background

The Texas Department of Housing and Community Affairs (TDHCA), Office of Colonia Initiatives (OCI), was created and charged with the responsibility of coordinating Department and legislative initiatives involving border issues and managing a portion of the Department's existing program targeted at Colonias.

In accordance with a note referenced in Section 487.351 of the Texas Government Code, as included in Section 2.15 of Acts 2001, 77th Legislative Chapter 1367, the purpose of this Memorandum is to transfer federal Community Development Block Grant (CDBG) funds from the Office of Rural Community Affairs (ORCA) to TDHCA for the administration, operation and program activities of TDHCA's colonia field offices and the colonia self-help centers pursuant to the provisions of Rider 5 to ORCA's appropriations and as authorized pursuant to Subchapter Z of Chapter 2306, Texas Government Code and Rider 14 to TDHCA's appropriation for the 2006-2007 biennium. The MOU gives TDHCA the responsibility for oversight of the Colonia SHC, while ORCA maintains monitoring responsibilities of the Colonia SHC contracts in coordination with TDHCA's Office of Colonia Initiatives (OCI) Division. The Department's OCI Division and three border field offices, which employ four Border Field Officers (BFO), provide administrative and general oversight to ensure programmatic and contract compliance are performed meeting legislative requirements and Board policy. OCI maintains a relationship with the Counties and Colonia SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved.

On August 7, 2006 ORCA's Executive Committee approved the enclosed MOU.

Recommendation

Approval of MOU.

MEMORANDUM OF UNDERSTANDING
BETWEEN
OFFICE OF RURAL COMMUNITY AFFAIRS
AND
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SECTION I. PARTIES

This Memorandum of Understanding, hereinafter referred to as "Memorandum," is made and entered into between the Office of Rural Community Affairs, hereinafter referred to as "OFFICE," an agency of the State of Texas, and the Texas Department of Housing and Community Affairs, hereinafter referred to as "TDHCA," an agency of the State of Texas.

SECTION II. PURPOSE

In accordance with a note to Section 487.351 of the Texas Government Code, the purpose of this Memorandum is to transfer federal Community Development Block Grant (CDBG) funds from the OFFICE to TDHCA for the administration, operation, and program activities of TDHCA's colonia field offices and the colonia self-help centers pursuant to the provisions of Rider 5 of the General Appropriations Act of the 79th Legislature, Regular Session, and authorized pursuant to Subchapter Z of Chapter 2306, Texas Government Code and Rider 14 to TDHCA's appropriation for the 2006-2007 biennium. In addition, TDHCA shall conduct a colonia residents needs assessment and prepare a biennial action plan to address those needs for TDHCA's appropriation for the 2006-2007 biennium.

SECTION III. PERIOD OF PERFORMANCE

This Memorandum shall begin on September 1, 2006 and shall terminate on August 31, 2007.

SECTION IV. TDHCA PERFORMANCE

TDHCA shall allocate the funds received under this Memorandum to each county in which a self-help center, designated in accordance with Section 2306.583, Texas Government Code, is located. TDHCA shall then ensure that each county receiving funds under this MOU enters into an agreement with a nonprofit organization for the operation of the self-help center within its jurisdiction. TDHCA oversight of the program administration shall ensure that all activities are carried out in accordance with the federal law and regulations at 42 USC Sec. 5301 et seq. and 24 CFR Part 570, Subpart I and the state law and rules at Chapter 2306, Subpart Z of the Texas Government Code and 10 T.A.C. § 255. In addition, TDHCA shall:

A. Recommend or approve any amendments proposed by TDHCA related to the funding of the colonia self-help centers in the Texas Community Development Block Grant Program allocation rules at 10 T.A.C. § 255.
B. Participate in public hearings to solicit comments regarding the funds provided under this contract and provide input as necessary.
C. Adhere to the certifications the OFFICE makes to HUD in order to receive CDBG funding.
D. Conduct a colonia needs assessment and prepare a biennial action plan.
E. Ensure that each activity included in a self-help center contract meets a national objective, and qualifies as an eligible activity as identified under the state CDBG regulations. Compliance with this requirement shall be clearly reflected in the Performance Statements and Budgets of all self-help center contracts.
F. Ensure that each activity in the contract's Performance Statement has a corresponding budget line item in the budget.
G. Work in coordination with the OFFICE staff to determine a reasonable amount of administrative costs that can be charged by each county for general and program administrative costs, and self-help operational costs.
H. Ensure that direct delivery costs, associated with the delivery of housing assistance including the preparation of work write-ups and required architectural or professional services that are directly attributable to a particular housing unit, be charged to the housing related construction budget line item under each self-help center contract.

SECTION V. OFFICE FUNDING OBLIGATIONS

A. Self-help center funding. Notwithstanding any other provision of this Memorandum, the total obligations incurred by the OFFICE shall not exceed 2.5% of the annual allocation of CDBG funds received by the State of Texas from the U.S. Department of Housing and Urban Development for state fiscal year 2007. The OFFICE shall transfer funds provided under this section to the appropriate local government upon receipt of requests for payment from TDHCA and receipt of funds from HUD. The OFFICE shall simultaneously notify TDHCA of the transfer to the local government. TDHCA shall obligate the funds provided under this Memorandum within twelve months after the date the funds were provided to TDHCA from the OFFICE.
B. Field office and staff and needs assessment/biennial action plan funding. In addition, the OFFICE shall transfer to TDHCA $7,042.16 each month for costs incurred for TDHCA's border field offices and Office of Colonia Initiatives staff and planning activities. The amount of this reimbursement will be adjusted on February 1, 2007 based upon the U.S. Department of Housing and Urban Development CDBG Program Year allocation to the OFFICE. TDHCA shall submit a budget that defines the use of CDBG funds for this purpose. It is understood and agreed that TDHCA shall continue to exercise oversight and supervision of the field offices and Office of Colonia Initiatives staff. Funds deobligated and any program income recovered from the funds provided under this contract shall be used by TDHCA for self-help centers in accordance with the Consolidated Plan.
C. The OFFICE shall be responsible for fulfilling the federal match requirement for the award of CDBG funds to the OFFICE.

D. All increases and reductions in the contract amount for the administration of the Colonias Self-Help Centers Program should be proportion to the amount of the grant award from the U.S. Department of Housing and Urban Development.

SECTION VI. MEASURE OF LIABILITY

A. TDHCA continues to assume responsibility and liability for outstanding issues relating to the funding and operation of the self-help centers prior to the execution of this Memorandum.

B. <u>TDHCA shall provide **oversight of activities** to ensure compliance with federal and state regulations. The OFFICE **shall monitor** the activities funded under this Memorandum and costs, if any, that are disallowed by TDHCA, the OFFICE or HUD may be deducted from existing and future allocations of CDBG funds to TDHCA in an amount agreed upon by the parties to this Memorandum**, to the extent allowed by law**.</u>

SECTION VII. REPORTING REQUIREMENTS AND RETENTION OF AND ACCESS TO RECORDS

A. TDHCA shall furnish to the OFFICE, and the OFFICE shall furnish to TDHCA, such reports on the operation and performance of work under this Memorandum as may be required by the OFFICE or TDHCA in order to respond to requests for information.

B. TDHCA shall retain all records relating to its responsibilities under this contract until its duties are completed and monitored by HUD or until the applicable retention period has expired, whichever is longer.

C. TDHCA shall give the OFFICE, HUD, the Auditor of the State of Texas, and any of their duly authorized representatives access to, and the right to examine, all records relating to this Memorandum for as long as such records are retained by TDHCA as specified in Subsection B of this section. TDHCA shall also provide the OFFICE a copy of any audits conducted on the programs and services covered by this agreement.

D. TDHCA shall maintain data for reporting purposes in an agreed upon format sufficient to complete the CDBG Annual Performance Evaluation Report (PER) and for the purposes of drawing funds under the IDIS system.

E. TDHCA shall submit updated narratives regarding the status of self-help centers and field office operations, including any changes in the location of field offices and TDHCA field office staff for the purposes of completing the CDBG Annual PER.

F. TDHCA shall maintain and submit to the OFFICE up-to-date accomplishments in quarterly reports identifying cumulative data including the colonias served, activities performed and total number of beneficiaries. Each contractor shall maintain data regarding all activities completed under the self-help center contract.

G. TDHCA shall report, in an agreed format, the administrative activities completed under the OFFICE/TDHCA MOU with each monthly invoice submitted for reimbursement.

H. TDHCA shall respond to the OFFICE in a timely manner regarding any HUD or other correspondence related to the self-help center fund, including any monitoring or audit reports.

I. TDCHA shall submit copies of self-help center contracts and amendments necessary to keep the OFFICE tracking systems updated and for the payment of draws.

SECTION VIII. AMENDMENTS AND CHANGES

Any alteration, addition or deletion to the terms of this Memorandum shall be by amendment hereto in writing and executed by both parties hereto except as may be expressly provided for in some other manner by the terms of this Memorandum.

SECTION IX. POLITICAL ACTIVITY

None of the activities or performances rendered hereunder by TDHCA shall involve and no portion of the funds received by TDHCA hereunder shall be used for any political activity, including but not limited to any activity to further the election or defeat of any candidate for public office, or any activity undertaken to influence the passage, defeat, or final contents of legislation.

SECTION X. SECTARIAN ACTIVITY

None of the activities or performances rendered hereunder by TDHCA shall involve and no portion of the funds received by TDHCA hereunder shall be used in support of any sectarian or religious activity.

SECTION XI. ORAL AND WRITTEN AGREEMENTS

All oral or written agreements between the parties hereto relating to the subject matter of this agreement that were made prior to the execution of this contract have been reduced to writing and are contained herein.

APPROVED AND ACCEPTED ON BEHALF OF THE TDHCA AND THE OFFICE EFFECTIVE THE 1ST DAY OF SEPTEMBER 2006.

AGREED AND EXECUTED BY:

____________________________	____________________________
Charles S. (Charlie) Stone	Michael Gerber
Executive Director	Executive Director
Office of Rural Community Affairs	Texas Department of Housing and Community Affairs

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

August 30, 2006

Action Items

Presentation, Discussion and Possible Approval of Colonia Self-Help Center (SHC) Contract Extensions: Starr County, Maverick County and Cameron County.

Required Action

Approve or deny Colonia Self-Help Center Contract Extensions: Starr County, Maverick County and Cameron County.

Background

Colonia Self-Help Centers Program

The Texas Department of Housing and Community Affairs' (the Department) Colonia Self-Help Center (SHC) Program is designed to assist colonias residents by providing concentrated on-site technical assistance to low and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education.

The SHC program was created in 1995 by the 74th Legislature Senate Bill 1509, Texas Government Code Subchapter Z §2306.581 – §2306.591. Operation of the colonia self-help centers are funded from the Office of Rural Community Affairs (ORCA) nonentitlement Community Development Block Grant (CDBG) fund 2.5% colonia set-aside, which is approximately $2.2 million per year. These funds are transferred to the Department from ORCA through a Memorandum of Understanding (MOU). CDBG funds can only be provided to eligible units of general local governments. The Tex. Gov. Code Ann §2306.582 requires the Department to establish colonia self-help centers in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. Additionally, the Department, if it determines it necessary and appropriate, may establish a Colonia SHC in any other county if the county is designated as an economically distressed area by the Texas Department Water Board. In 2001, two additional self-help centers were established in Val Verde County and Maverick County. The colonias identified under this program have approximately 10,000 colonia residents who qualify as beneficiaries of these services.

The goal of a SHC is to improve the living conditions of residents in the colonias in ways that go beyond the provision of basic infrastructure. The SHC provide key services and concentrated technical assistance in the areas of housing rehabilitation, new construction, surveying, platting, construction skills training, tool library access for self-help construction, housing finance, credit, debt counseling, grant writing, infrastructure installation and access, contract-for-deed conversions, and capital access for mortgages to improve the quality of life for colonia residents. Participants in the program must not earn more than eighty percent (80%) of the area median family income (AMFI). Additionally, the properties proposed for this initiative must be located in a colonia area as identified by the Texas Water Development Board colonia list or meet the Department's definition of a Colonia.

Cameron County Contract No.722003

Summary for Request: Cameron County (the County) is requesting a contract extension. The extension would allow the County's local nonprofit the Community Development Corporation of Brownsville (CDCB) to carry out the remaining activities in their performance statement such as lot refinance, home rehabilitation, inspections, surveys, house plans and home maintenances classes. Over the last year, the County has seen a dramatic increase in the number of families taking advantage of the new construction activities due to overcrowding conditions in the Colonias. CDCB will continue to leverage additional funds to build twenty five (25) additional new homes in the targeted Colonias. This additional activity will benefit approximately one hundred twelve (112) colonia residents.

The Colonia SHC contract was initially delayed after grant award, due to a Housing and Urban Development (HUD) monitoring finding in September 2003, the Department was required to provide adequate information to determine that activities being funded under the Colonia SHC under Section 105(a) of the Housing and Community Development Act of 1974, and how activities meet a national objective as required by section 104(b) (3) of the Act. In order to carry out with the requirement, the OCI created a new contract template based on the seventeen (17) eligible activities/categories and was applied to the Colonia SHC program. The County and CDCB had to revise and classify its performance statement and budget activities in order to provide complete and adequate information on the eligible activities and identify the national objective met by each activity as required by section 104(b)(3) of the Act in order to satisfy HUD's finding under the Colonia SHC program.

Contractor:	Cameron County
Contact:	The Honorable Gilberto Hinojosa
Address:	964 E. Harrison Street Brownsville, Texas 78520
Purpose of Contract:	Cameron County provides housing and community development to the following colonias: Villa Pancho, Valle Escondido, Alabama/Arkansas, Cameron Park, Olmito, Las Palmas, Arroyo Colorado Estates, Encantada, Las Sara, and Sebastian.

Contract Amount:	$1,146,950.00
*Amount Drawn:	$64,565.26
Type of Request:	Extension
Original Contract Period:	08/01/2003 to 08/01/2005
**Prior Requested Extended Period:	08/01/2006
Requested End Date:	07/31/2007

**The CDBG Expenditure Ratio is negatively affected by slow performing contracts; however contract extensions are not uncommon and are allowable so long as they are approved by the Department. The County and CDCB have been advised by the OCI that the County cannot apply for any future Colonia SHC program funds until the County and CDCB complete the project activities under the open contract.

CDCB has completed the following activities under the Colonia SHC contract.

Performance Activity	Performance Goal	Total Goal Complete	Percent of Goal Complete
Lot Refinance	11	7	64%
Canvassing	12,252	20,185	165%
Community Meetings	40	101	253%
Home Rehabilitation or Reconstruction	72	18	25%
Home New Construction	15	27	180%
Applications and Clearing Title	87	215	247%
Inspections/Surveys/House Plans	87	62	71%
Home Maintenance Classes	74	49	66%
Homeownership//credit/default/foreclosure counseling	172	380	221%

Note: The Department has not approved payment of draws of approximately seven hundred thousand ($700,000) dollars due to difference of opinions and interpretation of Federal Cost Principles for non-profit organizations-OMB Circular A-122. The OCI recently concluded that all requirements are being satisfied and anticipates being able to release payments upon verification of supporting documentation.

Recommendation

Approval to amend and extend the Self-Help Center (SHC) contract extension for Cameron County Contract No.722003.

In addition, by approval of this request, the County shall submit to the Department a monthly progress report, in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the contract term. The monthly progress report must be completed and submitted at the end of each calendar month.

Starr County Contract No.723023

Summary for Request: Starr County (the County) is requesting a contract extension and budget modification. The County was successful in assisting families with the abandonment of the septic tanks and cesspools within the designated colonias. Five hundred and sixty two (562) homes were estimated to be assisted and only two hundred and eighty seven (287) were completed. When the sewer project started the County had not anticipated having any problems with the homes that were going to be assisted. Once the contractors started working, they encountered some homes which all had individual situations such as a concrete slab on top of the septic tanks/cesspools, which would be situate under a storage unit, driveway, carport or they were built under their homes. This made it difficult for the contractor to reach those septic tanks/cesspools without causing some damage to the home and in return causing a liability issue for the County and Contractor, therefore these homes were left out. In addition, some of the money, which was designated for the sewer project, was not used.

The County would like to utilize the remaining funds to finish the new construction of a Colonia SHC facility which was started at the middle of the contract period by placing asphalt at the SHC parking lot, place curb and gutter, sidewalk with handicap ramp, build and install counters for the computer room, and install an exhaust/vent in the kitchen area and add an additional activity (Colonia Beautification) to the contract. The Colonia beautification would allow the County to conduct clean up campaigns of occupied lots, removal of junk vehicles, trash pick-up collections, painting of residential homes, planting trees, and planting of grass to better serve the colonia residents.

Since the inception of the Colonia SHC program, the County has had to enter into a lease agreement with the facility owner. During negotiations with the facility owner, the County is at a significant disadvantage due to the reality that there does not exist another property in the targeted colonias with accommodations that would be suitable for a Colonia SHC program of current or future design. Consequently, the facility owner is in a position to dictate lease terms to the County for the SHC facility. The lease has increased approximately 100% per year. In order to control the lease increases every year, the County decided to build a new Colonia SHC facility.

Contractor:	Starr County
Contact:	The Honorable Eloy Vera
Address:	County Courthouse, Rm. 203 Rio Grande City, Texas 78582
Purpose of Contract:	The County of Starr provides housing and community development to the following colonias: West Alto Bonito, B&E, Santa Cruz, Rosita and Garceno.

Contract Amount:	$1,494,591.00
*Amount Drawn:	$613,012.56
Type of Request:	Extension
Original Contract Period:	02/18/2004 to 02/17/2006
Prior Requested Extended Period:	08/31/2006
Requested End Date:	02/17/2007

Starr County has completed the following activities under the Colonia SHC contract.

Performance Activity	Performance Goal	Total Goal Complete	Percent of Goal Complete
SHC facility	1		50%
Yard line & sewer	562	287	51%
Flood control channel	1	1	100%
Engineering/Architect	3	3	100%
Construction training	50	59	118%
Outreach/technical Assistance	140	673	48%
Tool library/checkouts	1/800	1/800	110%
Counseling	40	2	5%
Residential rehab	30	39	130%
Plumbing improvements	80	39	49%
New construction	4	2	50%

Note: Due to recent County management changes; the County has not submitted draws for payment. TDHCA is awaiting a draw request in the approximately amount of $486,000.00 from the County for our review and payment. To date the County has assisted approximately two thousand two hundred thirty nine (2,239) colonia residents.

Recommendation

Approval to amend and extend the Self-Help Center (SHC) contract extension and budget modification for Starr County Contract # 723023.

In addition, by approval of this request, the County shall submit to the Department a monthly progress report, in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the contract term. The monthly progress report must be completed and submitted at the end of each calendar month.

Maverick County Contract No.723003

Summary for Request: Maverick County (the County) is requesting a contract extension and budget modification. The extension would allow the County to carry out the remaining housing rehabilitation and one (1) new construction to assist an elderly family in dire need. The County has finished the lot acquisition, title search, surveys, outreach and technical assistance, consumer education, tool library and maintenance, colonia beautification, and relocation activities. However, the County encountered numerous programmatic and compliance issues with its local nonprofit managing the SHC, the Colonia Community Organization (CCO). In order to resolve the situation, the County conducted several meetings/visits and correspondence with CCO, but was not able to reach an acceptable arrangement and was forced to terminated its subcontract with CCO.

The County is requesting to redirect their budget to activities which exceeded the budgeted amount as well as finish the new construction activity, residential rehabilitation activity, and residential relocation.

Contractor:	Maverick County
Contact:	The Honorable Jose A. Aranda, Jr.
Address:	500 Quarry Street Suite 13
	Eagle Pass, Texas 78853
Purpose of Contract:	The County of Maverick provides housing and community development to the following colonias: Loma Bonita I, Loma Bonita II, Las Brisas, Old Las Quintas and New Las Quintas.

Contract Amount:	$990,000.00
Amount Drawn:	$794,736.00
Type of Request:	Extension
Current Contract Period:	12/1/2003 to 12/1/2005
Prior Requested Extended Period:	12/1/2005
Requested End Date:	11/30/2006

Maverick County has completed the following activities under the Colonia SHC contract

Performance Activity	Performance Goal	Total Goal Complete	Percent of Goal Complete
Lot Acquisition	12	12	100%
Title Search	40	40	100%
Survey's	40	40	100%
Grant Proposal	3	3	100%
Outreach	1500	1500	100%
Tech Assistance	1500	1500	100%
Consumer Education	57	57	100%
Tool library	300	300	100%
Colonia Beautification	6	6	100%
Residential Rehab	35	30	86%
Residential Relocation	5	4	80%
New Construction	5	3	60%

Recommendation

Approval to amend and extend the Self-Help Center (SHC) contract extension for Maverick County Contract # 723003.

In addition, by approval of this request, the County shall submit to the Department a monthly progress report, in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the contract term. The monthly progress report must be completed and submitted at the end of each calendar month.

GILBERTO HINOJOSA
COUNTY JUDGE

964 E. HARRISON ST.
BROWNSVILLE, TEXAS
78520

COUNTY COURTHOUSE
(956) 544-0830
FAX: 544-0801

August 16, 2006

Homer V. Cabello, Jr., Director
Office of Colonia Initiatives
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Support Information for Extension of TCDP Contract No. 722023 – Cameron and Willacy Counties Colonia Self-Help Center

Dear Mr. Cabello:

As you know, we requested a one-year extension for the above referenced TCDP contract on July 26, 2006. This letter is provided in support of that request, which is predicated on the extenuating circumstances outlined below. If additional information is needed, please advise.

- Self-help contract implementation was initially delayed after grant award, until OCI and our service provider, the Community Development Corporation of Brownsville (CDCB), were able to structure contract performance activities that satisfied HUD.

- CDCB does not use self-help funds for direct housing production, but rather leverages other funding sources for construction and this operational method, while successful in terms of housing yields, makes direct billing for self-help services difficult. Historically, CDCB had utilized indirect billing for services but had to change its accounting system to direct billing after housing activities were begun, leading to a delay in reimbursement of grant funds.

- Generally speaking, the self-help colonia target areas that CDCB works in are mostly fully developed, with few vacant properties. Lack of vacant properties hinders lot acquisitions which are used by CDCB to redevelop neighborhoods.

- As in other regions in the Country, CDCB indicates the cost of construction in Cameron County has increased by 15% in the last nine (9) months for housing materials. Increased costs affect housing affordability, which in turn affects CDCB's client pool.

- Presently, $100,000.00 in self-help funds are available that had been earmarked for lot refinancing. Since CDCB, was advised that lot refinancing was not an appropriate self-help activity, these funds can now be re-budgeted to provide other housing services.

If you have any questions or need more information, please contract Raul Garcia, CD Coordinator, at (956) 544-0828.

Sincerely,

Fran Byrm for

Gilberto Hinojosa

cc: Raul Garcia, CD Coordinator
Don Currie, CDCB Director

THE COUNTY OF CAMERON
BROWNSVILLE, TEXAS

GILBERTO HINOJOSA
COUNTY JUDGE

964 E. HARRISON ST.
BROWNSVILLE, TEXAS
78520

COUNTY COURTHOUSE
(956) 544-0830
FAX: 544-0801

RECEIVED
AUG 1 2006
OFFICE OF COLONIA INITIATIVES

July 26, 2006

Homer V. Cabello, Jr., Director
Office of Colonia Initiatives
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Request for Extension of TCDP Contract No. 722023 – Cameron and Willacy Counties Colonia Self-Help Center

Dear Mr. Cabello:

As you know, TCDP Contract No. 722023 for our colonia self-help center is due to expire on August 1, 2006.

Due to the extenuating circumstances outlined in attached letter from our self-help provider, the Community Development Corporation of Brownsville, we have experienced difficulties completing all project activities and drawing funds on this contract. Therefore we respectfully request a twelve (12) month contract extension to July 31, 2007. This extension will permit us to complete all contracted activities and draw all corresponding funds.

If you have any questions or need more information, please contact Raul Garcia, CD Coordinator, at (956) 544-0828.

Sincerely,

Gilberto Hinojosa,
County Judge

Attachment

COMMUNITY DEVELOPMENT
CORPORATION OF BROWNSVILLE
901 East Levee Street
Brownsville, Texas 78520
Tel. (956) 541-4955
Fax (956) 541-4990
www.cdcb.org

July 26, 2006

Cameron County
Attn: Judge Gilberto Hinojosa
964 E. Harrison Street Room 313
Brownsville, TX. 78520

Re: Cameron and Willacy Colonia Self help Centers
Request for Extension of Agreement

Judge Hinojosa,

The Community Development Corporation of Brownsville is requesting an extension to the current contract through August 31, 2007. As you are aware, CDCB works in eight (8) designated colonias in Cameron County, and two (2) designated colonias in Willacy County. CDCB has contracted with the County for the operation of the Self Help Center since inception.

CDCB requests this extension under the same Budget and Performance Statement currently being utilized. This extension request will have no fiscal impact on the County, as the funds are provided by the State of Texas.

We are seeking this extension to complete work remaining under the Performance statement, as well as to effectively utilize additional leverage funds that have become available to be used to benefit colonia residents.

As reported in our last Quarterly Report (June, 2006) CDCB has completed the following activities as they relate to the Self Help Center grant:

Performance Activity	Performance Goal	Total Goal Complete	Percent of Goal Complete
Lot Refinance	11	7	64%
Canvassing	12,252	20,185	165%

Home Rehabilitation or Reconstruction	72	18	25%
Home New Construction	15	27	180%
Applications and Clearing Title	87	215	247%
Inspections/Surveys/House Plans	87	62	71%
Home Maintenance Classes	74	49	66%
Homeownership/Credit/Default/Foreclosure Counseling	172	380	221%

CDCB does not utilize Self Help Center funds for actual housing construction. All interim construction and permanent financing is provided by other sources. To date, in the colonia areas, as a result of the SHC contract, CDCB has leveraged $2.4 million to build and mortgage finance the 45 homes already started and/or completed under this contract. Funds utilized include the following:

HUD RHED II	TDHCA HOME	HUD RHED III	HUD RHED IV	TDHCA Bootstrap	CDCB RLF	RGV Multibank	Total
$179,342	18,200	$22,670	$261,624	$300,000	$328,925	$1,355,442	2,466,203

As well, CDCB currently has over $610,000 of other public funds (other than Self Help Center Funds) and over $900,000 in private funds committed to these colonia areas:

TDHCA Bootstrap	CDCB Revolving Loan Fund	RGV Multibank	TOTAL
$360,000	$250,000	$900,000	$1,510,000

Additionally, CDCB has submitted two more grants totaling $700,000 for direct subsidies to families living in area colonias for 2006-2007:

HUD RHED '06	HAC - SHOP '06	TOTAL
$400,000	$300,000	$700,000

Over the last year, CDCB has seen a dramatic increase in the number of families taking advantage of the housing rehabilitation and new construction programs. Housing starts have increased 1.5 times over the last year as compared to the pervious year. To date CDCB has completed 37 new and rehabilitated homes; has eight (8) homes under construction and; has 10 colonia families who are being worked with by CDCB to correct credit, clear title and save for the downpayment on their future new or reconstructed home. CDCB is confidant that over the next year we will be able to complete another 20 to 30 homes for colonia residents with no additional funding.

In addition to work done directly in the designated colonias, as you are aware, CDCB has developed and completed the build out of a new subdivision directly continguous to the colonia of Cameron Park – one of the largest colonias in Texas. CDCB has constructed 143 new homes in the development, which has spurred other developments in the same area. These developments provide additional affordable housing opportunities for families seeking to relocate from colonia areas. New amenities, such as the lateral park area CDCB will be donating to the County along the Resaca area, will also allow additional "quality of life" improvement for Cameron Park residents.

Since CDCB has focused on leveraging funds, CDCB has yet to expend all of the budgeted Self Help Center funds. To date CDCB has expensed just under $800,000 of the total $1.1 million initially awarded. CDCB is requesting this exptension to complete new and reconstructed housing utilizing leveraged funds to assist 30 new families with new and rehabilitated homes. The Self Help Center funds are critical to providing funding for personnel who are critical implementing these efforts.

CDCB, therefore, respectfully requests a one year extension to August 31, 2007. We look forward to your continued support.

Sincerely yours:

Don Currie
Executive Director

CSHC Grant Starts

	Name	Colonia	Start Date	Non Self help Center Public Funds	Private Funds	Total Leveraged
August 2003 - March 2004: 4 Rehab/Recon; 4 New						
1	Juan Garcia	Las Palmas	8/03	$ 20,473.00	$ 16,335.00	$ 36,808.00
2	Alfredo Joe Garcia	Valle Escondido	9/03	$ 21,980.50	$ 17,842.50	$ 39,823.00
3	Timoteo Trevino	Encantada	3/04	$ 21,866.00	$ 18,365.75	$ 40,231.75
4	Roberto Garcia	Las Palmas	2/04	$ 24,810.00	$ 19,810.00	$ 44,620.00
5	Adame Olimpo	Encantada	2/04	$ 15,518.00	$ 46,553.50	$ 62,071.50
6	Maria Trevino	CP	3/04	$ 12,822.00	$ 38,466.00	$ 51,288.00
7	Moises Coronado	CP	9/03	$ 12,600.00	$ 37,800.00	$ 50,400.00
8	David Delgado	Olmito	12/03	$ 12,782.00	$ 38,156.00	$ 50,938.00
April-June 2004: 2 Rehab/Recon; 8 New						
1	Moises Gonzalez	Encantada	4/04	$ 21,915.00	$ 21,915.00	$ 43,830.00
2	Fidel Velasquez	CP	6/04	$ 21,119.00	$ 17,618.75	$ 38,737.75
3	Rodolfo Robledo	Arroyo Col	5/04	$ 13,538.00	$ 40,614.00	$ 54,152.00
4	Martin Gutierrez	Encantada	5/04	$ 15,503.00	$ 46,507.50	$ 62,010.50
5	Jose Briseno	Encantada	5/04	$ 16,786.00	$ 41,358.00	$ 58,144.00
6	Maria Aguilera	Arroyo Col	6/04	$ 14,240.00	$ 42,720.00	$ 56,960.00
7	Jose Luis Padilla	CP	5/04	$ 14,890.00	$ 44,670.00	$ 59,560.00
8	James Aramburu	Valle Esc	6/04	$ 13,392.00	$ 40,176.00	$ 53,568.00
9	Nora Lebron	Olmito	6/04	$ 12,734.00	$ 38,202.00	$ 50,936.00
10	Jesus Garcia*	Valle Esc	11/03	$ 20,473.00	$ 16,335.00	$ 36,808.00
July-Sept 2004: 0 Rehab/Recon; 2 New						
1	Ballesteros	Encantada	9/03	$ 17,230.00	$ 51,689.00	$ 68,919.00
2	Lazaro Cardenas*	Villa Pancho	3/04	$ 13,521.00	$ 43,435.00	$ 56,956.00
Oct-Dec 2004: 1 Rehab/Recon; 0 New						
1	Mares, Mario	CP	11/04	$ 21,565.00	$ 21,564.90	$ 43,129.90
Jan-Mar 2005: 2 Rehab/Recon; 2 New						
1	Jose Ibarra	CP	3/05	$ 23,146.00	$ 23,146.00	$ 46,292.00
2	Model Home (Barrios)	Sebastian	3/05	$ 29,056.25	$ 29,056.25	$ 58,112.50
3	Liliana Onate	CP	3/05	$ 30,000.00	$ 30,800.00	$ 60,800.00
4	Emilio Gaona	Encantada	3/05	$ 52,016.50	$ 14,992.50	$ 67,009.00
Apr-Jun 2005: 2 Rehab/Recon; 5 New						
1	Norma David	Sebastian	4/05	$ 14,427.00	$ 43,295.00	$ 57,722.00
2	Andrea Montoya	Sebastian	5/05	$ 22,357.65	$ 22,357.65	$ 44,715.30
3	Guillermo Torres	Sebastian	6/05	$ 22,481.65	$ 22,481.65	$ 44,963.30
4	Daniel Wright	Sebastian	6/05	$ 42,277.00	$ 12,277.50	$ 54,554.50
5	Sonia Mata	Sebastian	6/05	$ 43,475.00	$ 13,475.00	$ 56,950.00
6	Maria Rodriguez	Sebastian	6/05	$ 36,525.00	$ 6,525.00	$ 43,050.00
7	Sixto Ybarra / Yesica Castillo	Sebastian	6/05	$ 39,387.50	$ 9,387.50	$ 48,775.00
July-September 2005: 4 Rehab/Recon; 0 New						

1	Jose Villarreal	Cameron Park	7/05	$	21,842.50	$	21,842.50	$	43,685.00
2	Francisco Arteaga	Encantada	9/05	$	28,495.00	$	28,495.00	$	56,990.00
3	Daniel Gonzales	Cameron Park	9/05	$	23,397.50	$	23,397.50	$	46,795.00
4	Martin Pedraza	Encantada	8/05	$	36,000.00	$	33,000.00	$	69,000.00
October-December 2005: 1 Rehab/Recon; 2 New									
1	Mario Garza	Cameron Park	12/05	$	27,607.00	$	27,607.50	$	55,214.50
January-March 2006: 0 Rehab/Recon; 1 New									
1	Manuel Rangel*	Cameron Park	7/05	$	9,100.00	$	63,940.00	$	73,040.00
April-June 2006: 1 Rehab/Recon									
1	Ramiro Calletano	Sebastian	4/06	$	32,360.00	$	28,860.00	$	61,220.00
2	Rivera, Andres	Encantada	5/3/06	$	20,547.00	$	64,652.00	$	85,199.00
3	Gamboa, Jose	Encantada	6/7/06	$	29,950.00	$	29,950.00	$	59,900.00
4	Santibanez, Jose Luis	Encantada	6/28/06	$	54,775.00	$	13,275.00	$	68,050.00
5	Reyes, Perla	Encantada	6/28/06	$	54,400.00	$	13,150.00	$	67,550.00
6	Vallejo, Jesus	Encantada	6/28/06	$	48,280.00	$	18,280.00	$	66,560.00
7	Montalvo, Reynaldo	Cameron Park	6/21/06	$	9,100.00	$	61,065.00	$	70,165.00
				$	**1,110,761.05**	**$**	**1,355,442.45**	**$**	**2,466,203.50**

STARR COUNTY COURTHOUSE
Rio Grande City, Texas 78582

ELOY VERA
STARR COUNTY JUDGE

OFFICE PHONE (956) 487-8015

July 24 , 2006

Homero Cabello, OCI Director
Texas Community Development Program
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX. 78711-3941

RE: **Contract Extension for Project # 723023**
Contract Amendment # 4

Dear Mr. Cabello:

Starr County is formally requesting a Contract Amendment to current contract # 723023. Listed below are the necessary reasons.

Contract Extension- The County is requesting a six (6) months extension ending on February 17, 2007.

Reason for Extension:

(1) There was a change in the administration of the Self Help Center, therefore causing some delays in the transition.

(2) The County was successful in assisting families with the abandonment of the Septic tanks and Cesspools for La Casita / Garciasville, B&E, and Santa Cruz, which are within the designated colonias. Five hundred and sixty two (562) homes were estimated to be assisted and only Two hundred and eight seven (287) were completed. When the sewer project started the County had not anticipated having any problems with the homes that were going to be assisted. Once the contractors started working, they encountered some homes, which had their individual situations such as; a concrete slab on top of the septic tanks/cesspools, which would be situate under a storage unit, driveway, carport or they were built under their homes. This made it difficult for the contractor to reach those septic tanks/ cesspools without causing some damage to the home, which would have been a liability for the County and Contractor; therefore, these homes were left out. In addition, some of the money, which was designated for the sewer project, was not used.

Now the County if allowed would like to use those monies to be able to construct some items in the New Self Help Center that were removed due to the bids coming in too high. Listed below are items being requested. Estimated Cost : $ 55,000.00

- Place asphalt at the Self Help Center Parking lot
- Place curb & gutter, side walk with handicap ramp
- Build and install counters for the computer room
- Install an exhaust/ vent in the kitchen area

(3) The County is requesting to add an Activity to the current contract - *Colonia Beautification* This activity will allow the County Starr to assist the targeted colonias with colonia beautification program. This program will be utilized in all 5 targeted colonias (West Alto Bonito, Casita/ Garciasville, B&E, Santa Cruz, and Rosita/ Garceno).The beautification activities will include clean- up campaigns of occupied lots, the removal of junk vehicles, trash pick -up, painting of homes, planting trees, grass, and sidewalks. Estimated Cost: $ 130,911.43

This extension will allow contractor to enough time to complete additional work at the Self Help Center and complete the additional activity.

Reason for the Transfer:

(a) The County of Starr wishes to utilize all the funds available to improve the quality of life for all Colonia Residents and complete the Self Help Center / Facility to better serve the needs of all Colonia Residents.

(b) The transfer of $ 55,000.00 dollars from Yard lines & Sewer connections to the Self Help Center facility will allow the cost of construction fees and material.

(c) The transfer of $ 130,911.43 dollars from Yard lines & Sewer connections to Colonia Beautification will allow the County to conduct a beautification program for the designated colonias (West Alto Bonito, Casita/ Garciasville, B&E, Santa Cruz and Rosita / Garceno).

- **Note: The amounts mentioned are estimated totals.**
- **Enclosed attachments**: Contract Budget Modification Form, Exhibit A. Amended Performance Statement, Public Hearing, and Resolution.

If additional information is needed, please call Anna M. Villarreal at (956) 488-2395

Sincerely,

Eloy Vera County Judge

COUNTY OF MAVERICK

500 Quarry Street Suite 13
Eagle Pass, Texas 78853

(830) 773-4377
Fax (830) 757-0763

Planning Department
mavcoplanning@hotmail.com

August 7, 2006

Mr. Homero Cabello – Director
Office of Colonia Initiatives (OCI)
Texas Dept. of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711

RECEIVED
AUG 1 0 2006
OFFICE OF COLONIA INITIATIVES

RE: Contract Amendment No. 2
TCDP Contract No. 723003

Dear Mr. Cabello:

As you well know we are almost at the end of this contract – and we have been working on the budget modification to transfer funds from one activity to another. We have transferred all the remaining funds to #15a – New Construction and some to #8 – Relocation.

With the monies we are transferring to new construction, we are going to built an elderly couple (Mr. Ignacio Madera) a new home, which they are in great need. The remaining monies will be for relocation so we can pay Mr. Madera's rent.

The activities will extend till November 30, 2006 with the advertising period, awarding of the contract, the pre-construction meeting and etc. We also have to provide the contractor with 90 days to complete the construction and we still have pending Hector and Elizabeth Rodriguez's new home both activities will run into November.

Your consideration on this matter will be greatly appreciated, if you have any questions or should need additional information, please do not hesitate to contact my office at 830-773-3824 or our Planning Department 830-773-4377.

Respectfully Yours,
MAVERICK COUNTY

Hon. Jose A. Aranda, Jr.
County Judge

COUNTY OF MAVERICK

500 Quarry Street Suite 13
Eagle Pass, Texas 78853

(830) 773-4377
Fax (830) 757-0763

Planning Department
mavcoplanning@hotmail.com

August 11, 2006

Mr. Homero Cabello – Director
Office of Colonia Initiatives (OCI)
Texas Dept. of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 788711

FAIR HOUSING BREAKS DOWN BARRIERS FOR ALL.

RE: Contract Amendment No. 3
TCDP Contract No. 723003 (OCI)

Dear Mr. Cabello:

We are submitting a contract amendment for the Maverick County Self Help Center in Loma Bonita Colonia – Contract No. 723003 – we made a list of all the pending expenses and we took funds from some activities and we added to others. But, the most important issue is we are constructing a new home for an elderly couple that have a great need.

Enclosed please find a revised performance statement, budget modification form and a contract amendment checklist.

We are almost at the end of this contract and we have provided assistance to so many residents in the three (3) selected Colonias. We have submitted a new application to the State, we hope we are funded to keep on providing the residents of our community with all the programs that the Self Help Center implements.

Your consideration on this matter will be greatly appreciated, if you have an questions, or should need additional information, please do not hesitate to contact my office at 830-773-3824 our Planning Department at 830-773-4377.

Sincerely,
MAVERICK COUNTY

Hon. Jose A. Aranda, Jr.
County Judge

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

August 30, 2006

Action Items

Requests for amendments to Texas Bootstrap Loan Program contracts.

Required Action

Approve or deny the request for extensions.

Background

The Texas Bootstrap Loan Program was created in 1999 by the 76th Legislature Senate Bill 1287, which was encoded into Chapter 2306, Subchapter FF of the Texas Government Code, to make available each state fiscal year $3 million for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed $30,000 per unit. Generally, this program is funded with Housing Trust Funds. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing home through 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. All applicable building codes and housing standard are adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources such as private lending institutions, local governments, or any other sources. However, all combined repayable loans can not exceed $60,000 per unit.

The Department is required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds (2/3) 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 and East Texas. The remaining one-third (1/3) of the funding is available statewide.

The 2006 Housing Trust Fund Rules in the Texas Administrative Code, Title 10, Part 1 Chapter 51, Rule §51.8(d) states "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" (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."

The nonprofit organizations periodically request amendments to modify contract terms or performance requirements specified in Section 13.1 of the Texas Bootstrap Loan Program Contract.

Contract extensions are the most commonly requested type of amendments. During the 2002 funding cycle, the Department had a difficult time in finding the appropriate partners to administer the Program. As a result the Department entered into contracts with organizations that had less extensive capacity and resources to administer the Program. Due to limited capacity and resources these organizations faced many obstacles and delays in implementing the Program.

La Gloria Development Corporation

Summary of Request

La Gloria Development Corporation located in El Cenizo, Webb County, Texas previously requested amendments to extend the contract end date as result of unforeseen delays in implementing the Program and identifying families. The contract start date was August 31, 2002; the first amendment was executed on July 16, 2004 extending the end date of the contract for four months, from August 31, 2004 to December 31, 2004. The second amendment was executed January 20, 2005 extending the end date of the contract for seven months, from December 31, 2004 to July 30, 2005; the third amendment was executed on September 26, 2005 extending the end date of the contract for eight months, from July 30, 2005 to March 31, 2006.

In addition to the delays in identifying and qualifying families for this Program, La Gloria Development Corporation has had to compete with other programs in the area that offer homeownership. La Gloria Development Corporation is requesting a fourth amendment to extend the end date of their contract from March 31, 2006 to August 31, 2006. They have assisted 11 families in building their own homes. Currently five homes have just been completed and 90% of all funds have been utilized and expended. **The extension is needed only to fund the final draw of 10% and administrative fees.** The final two units will be deobligated from this contract.

Amendment Number:	4
Activity Type:	Texas Bootstrap Loan Program
Contract Executor:	Oralia C. Reyes
Contract Contact:	Gabriela Sandoval
Contract Start Date:	August 31, 2002
Contract End Date:	March 31, 2006
Service Area:	El Cenizo, Webb County
Total Budget Amount:	$405,600
Total Units Awarded:	13

Requested Action

Approval of extension request.

Community Action Social Services and Education, Inc. (CASSE)

Summary of Request

CASSE located in Eagle Pass, Maverick County, Texas previously requested amendments to extend the contract end date as result of unforeseen delays in implementing the Program and identifying families. The contract start date was August 31, 2002; the first amendment was executed on July 19, 2004 extending the end date of the contract for four months, from August 31, 2004 to December 31, 2004. The second amendment extended the end date of the contract for 15 months, from December 31, 2004 to March 31, 2006.

In addition to the delays in identifying and qualifying families for this Program, CASSE has had to compete with other programs in the area that offer homeownership. CASSE is requesting a third amendment to extend the end date of their contract from March 31, 2006 to February 28, 2007. CASSE has assisted 6 families in building their own homes. Currently two families have been deemed eligible and are awaiting final approval to begin improvement on their homes. In addition to an extension request CASSE is requesting to reduce the number of units awarded from nine to eight; due to rising cost of materials the award amount would remain the same to assist the final two families that have been selected.

Amendment Number:	3
Activity Type:	Texas Bootstrap Loan Program
Contract Executor:	Bobby Rankin
Contract Contact:	Bobby Rankin
Contract Start Date:	August 31, 2002
Contract End Date:	March 31, 2006
Service Area:	Eagle Pass, Maverick County
Total Budget Amount:	$142,594.00
Total Units Awarded:	9

Requested Action

Approval of extension request.

In addition, by execution of this Amendment, Community Action Social Services and Education, Inc. agrees to provide the Department with a Monthly Contract Progress Report, in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the contract term. The Monthly Contract Progress Report must be completed and submitted by the 10th day of each month until the end of the contract term.

Community Development Corporation Brownsville (CDCB)

Summary of Request

CDCB located in Brownsville, Cameron County, Texas previously requested an amendment to extend the contract end date as result of unforeseen delays in implementing the Program and identifying families. The contract start date was July 30, 2003; the first amendment was executed on June 15, 2005 extending the end date of the contract for 13 months, from July 30, 2005 to August 30, 2006.

CDCB is leveraging funds from other government entities that required them to complete an environmental study on both subdivisions which were utilizing Texas Bootstrap Loan Program funds. This caused a lengthy delay in the implementation of this contract. In addition to the delays due to the environmental clearance, CDCB lost several of their applicants during this process to other programs in the area that offered loans for homeownership. CDCB has identified an additional six applicants in case any of the other families withdraw from the program.

CDCB is requesting a second amendment to extend the end date of their contract from August 30, 2006 to July 31, 2007. CDCB has qualified 28 of the 32 families to participate in the program and currently has completed 12 homes and have an additional 10 under construction. The final four units will be deobligated from this contract.

Amendment Number:	2
Activity Type:	Texas Bootstrap Loan Program
Contract Executor:	Don Currie
Contract Contact:	Nick Mitchell-Bennett
Contract Start Date:	July 30, 2003
Contract End Date:	August 30, 2006
Service Area:	Cameron County
Total Budget Amount:	$998,400
Total Units Awarded:	32

Requested Action

Approval of extension request.

In addition, by execution of this Amendment, Community Development Corporation Brownsville agrees to provide the Department with a Monthly Contract Progress Report, in a form prescribed by the Department. The report must specify all progress made towards meeting contract performance requirements by the end of the contract term. The Monthly Contract Progress Report must be completed and submitted by the 10th day of each month until the end of the contract term.

LA GLORIA DEVELOPMENT CORPORATION

A NOT PROFIT ORGANIZATION WORKING TO INCREASE THE QUALITY OF LIFE FOR PEOPLE IN NEED
615 CADENA EL CENIZO, TEXAS 78046 (956) 791-3034 FAX (956) 791-6997
lagloria@netscorp.net

May 12, 2006

Texas Department of Housing and Community Affairs
Homero Cabello, Jr.
Director Office of Colonia Initiatives
507 Sabine Suite # 400
Austin, TX 78711

Re: Texas Bootstrap Loan Program Contract No. 2002-02.

REQUEST FOR AMENDMEN

At present La Gloria is requesting an extension of the current grant period and the Construction Loan Agreement until June30, 2006. La Gloria began construction on 2nd group of 5 houses in November 2005 and was done

Sandra Guerra-423 Cadena; Construction is 90% completed.
Maria A Gonez-3519 Solis; Construction is 90% completed.
Meradys Del Alva-503 Rosales; Construction is 80% completed.
Christina Flores-3501 Lopez; Construction is 90% completed.
Maria del Carmen Ortiz-3513 Tays; Construction is 80% completed. (Ortiz family lives in dwelling next door to new construction and is scheduled to be torn down upon completion of new construction.)

The extension is needed to complete the work, do the final survey and the closing documents.

Thank you for your assistance in this matter.

Gabriela Sandoval
Executive Director.

Cc: Laredo Field Office
Contract File # 2002-02

"PARA CREAR UN CIELO Y UNA TIERRA NUEVA"

CASSE

Community Action Social Services & Education, Inc.

Loma Bonita Center
2064 Boulder Ridge
Eagle Pass, Texas 78852
Phone (830) 752-1278
Fax (830) 752-1210

To :

Texas Department Of Housing and Community Affairs
Attention : Raul Martinez

Reference : Bootstrap Contract # 852203

CASSE, Inc. , has encountered difficulty in fulfilling the contract as projected to meet the target of 8 families assisted. Currently we have completed 6 projects . We have 2 projects pending of which both have been qualified.

Project # 7:
- application approved
- survey done
- revised title commitment done
- builders risk insurance purchased
- revising scope of work to accommodate available funds

Project # 8
- application approved
- survey requested
- title commitment done
- scope of work done

CASSE first started off with the project late due to no one to run it , then encountered clients which would not qualify because of two buildings in one lot, back taxes due, clients with trailer, title problems, and one client passed away.

We would like to request that we be allowed an extension of time to be able to to fulfill the rest of this task. We are looking at December 31 , 2006 as the time needed. We would need some time to re-evaluate the scope of work orders, process the projects, and start construction to complete the projects.

We at CASSE thank you for the consideration of this request.

Jesus Antu

Program Director

7-25-06

Date

"Together reaching out towards a better quality of life!"

COMMUNITY DEVELOPMENT
CORPORATION OF BROWNSVILLE

901 E. Levee
Brownsville Texas, 78520
(956) 541-4955 – P
(956) 541-4990 - F

July 26, 2006

TDHCA
Office of Colonia Initiatives
507 Sabine
Austin Texas, 78711

RECEIVED
2006
OFFICE OF COLONIA INITIATIVES

Attn: Homero Cabello

Re: Bootstrap Contract No. 853300

Homero,

CDCB is writing to request an extension of one (1) year from July, 2006 to July, 2007 to complete Bootstrap contract #853300.

Reasons for Extension
The retention of clients in the Bootstrap Program has been made difficult by the usage of Downpayment Assistance funds ($10,000 per client) coupled with 1% loan funds from the United States Department of Agriculture Rural Development 502 Direct Loans. When these two program are combined the overall cost is more beneficial to the clients. Clients are leaving the Bootstrap program to take advantage of this new loan product. The overall cost to the client is still more but not enough to justify working and building your home for 10 months. Because of this CDCB has been unable to keep clients in the Bootstrap Program.

As of June 30, 2006 and reported in our Quarterly Report CDCB has approved 28 of the 32 homes stated in our performance goals. However, we have lost four (4) of these clients because of the competing loan products.

Increase in construction costs over the last eight months as made it even more difficult for CDCB to approve clients earning below 60% of the AMFI and keep the loan amount at or below $60,000. Because of this increase two approved families where later eliminated from the program.

CDCB's Response
Redesign house plans - CDCB has redesigned it Bootstrap house plans to lower the cost of construction.

Utilize Self Help Opportunities Program (SHOP) grant funds - To make the self help housing program more attractive then a USDA/RD 502 loan with DAP funds CDCB has started to couple SHOP funds with the Bootstrap program to buy down the principal and reduce the overall mortgage amount, payment amount and cost.

RECEIVED
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OFFICE OF COLONIA INITIATIVES

901 E. Levee
Brownsville Texas, 78520
(956) 541-4955 – P
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Move the location of program - CDCB has increased the number of Bootstrap loans to rural and colonia areas. This allows CDCB to build on the clients lot thus reducing the loan amount and the overall cost.

CDCB instituted these responses in December, 2005. Since that time CDCB has approved 16 of the current 22 clients in the program. CDCB believes that with the one year extension we will be able to complete our contract.

Attached please find a revised Performance Timetable to be implemented if the extension is approved.

Your attention to this matter is appreciated.

Thank you,

Nick Mitchell-Bennett
Housing Programs Manager

Performance Timetable Statement
Bootstrap Contract - 853300

		31-Jan-05	30-Apr-05	31-Jul-05	31-Oct-05	31-Jan-06	30-Apr-06	30-Aug-06	1-Nov-06	31-Jul-07	
# DEEMED ELIGIBLE BY TDHCA	32	6	6	6			1	9	10		38
UNITS UNDER CONSTRUCTION	32	6	1	5				10	10		32
# OF UNITS COMPLETED	32					7	5		10	10	32

Nick Mitchell-Bennett

7/26/06
Date

REPORT ITEMS

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Brooke Boston, Michael Lyttle

Date: August 23, 2006

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for July 2006. 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, July 2006

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
HOME HBA/ADDI Compliance Training	Austin	July 5	Portfolio Management and Compliance	Training
2007 Real Estate Analysis Rules Roundtable – Market Analysis	Austin	July 10	Real Estate Analysis	Public Forum
2007 Real Estate Analysis Rules Roundtable – Appraisal	Austin	July 10	Real Estate Analysis	Public Forum
Texas Bond Review Board Meeting	Austin	July 11	Policy and Public Affairs	Monitoring
FHA Roundtable	Dallas	July 11	Single Family	Participant
Interview with Univision affiliate KWEX-TV	San Antonio	July 13	Policy and Public Affairs	Interview
TSAHC Board Meeting	Austin	July 14	Policy and Public Affairs	Monitoring
Habitat for Humanity event	Austin	July 14	Executive, Single Family, Bond Finance	Participant
HOME Implementation Workshop	Jasper/Beaumont	July 16	Single Family	Training
TSHEP "Training the Trainer" Workshop	San Antonio	July 17-21	Policy and Public Affairs	Training
LIHEAP Program Year 2007 State Plan Hearing	Austin	July 18	Community Affairs	Public Hearing
Colonia Residents Advisory Committee Meeting	El Paso	July 18	Office of Colonia Initiatives	Public Hearing
Texas Transformation Work Group	Austin	July 19	Policy and Public Affairs	Participant
Community Affairs ED Conference	Austin	July 19-21	Executive, Community Affairs	Presentation, Participant
Manufactured Housing Division Hearing	Austin	July 21	Manufactured Housing	Public Hearing
2007 Real Estate Analysis Rules Roundtable – Underwriting	Austin	July 24	Real Estate Analysis	Public Forum
Multifamily Public Input Forum	Austin	July 24	Multifamily Finance	Public Forum
News conference on Single Family Bond Program	San Antonio	July 24	Board, Executive, Single Family, Policy and Public Affairs	News Conference
Interview with Cox Radio affiliates	San Antonio	July 24	Single Family	Interview
Interview with Telemundo affiliate KVDA	San Antonio	July 24	Policy and Public Affairs	Interview
White House Conference on Faith-Based and Community Organizations	Austin	July 24-25	Community Affairs	Panelist, Participant
Texas Affiliation of Affordable Housing Providers 2006 Conference	Austin	July 26-27	Board, Executive, Multifamily Finance	Panelists, Presentation, Participants

2007 Real Estate Analysis Rules Roundtable – Property Condition Assessment	Austin	July 27	Real Estate Analysis	Public Forum
2007 Real Estate Analysis Rules Roundtable – Environmental Site Assessment	Austin	July 27	Real Estate Analysis	Public Forum
ICC Hearing	Austin	July 27	Policy and Public Affairs	Monitoring

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM
HOME PROGRAM AMENDMENTS
MONTHLY STATUS REPORT
August 30, 2006

Background

The TDHCA Board requested a monthly report to provide an updated status on previously approved HOME amendments.

Summary of HOME Amendment Process

HOME Administrators may request amendments to existing contracts; however, in order for a request to be considered, the Administrator must:

- submit justification, extenuating circumstances, or compelling reasons for the request; and
- submit a request that would still have resulted in an award of HOME funds if the original application had been submitted according to the requested changes; and
- be in compliance with monitoring and auditing requirements for all Department programs.

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) states that 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.

Board Approval	Administrator	Contract Number	Activity Type	Amendment Type	Progress Acceptable?	Date Report Received	Contract Status	Significant Activities Completed	PMC Followup Type	PMC Followup Analysis	Required Units
5/4/2006	Affordable Caring Housing	1000341	TBRA	Match Elimination	Y	6/9/06	In Process	13 households assisted. 3 households pending assistance. 4 additional households with vouchers.	Monitoring visit on 3/22/06.	Contract progress. No Findings.	35
5/4/2006	Affordable Caring Housing	1000342	TBRA	Match Elimination	Y	6/9/06	In Process	27 households assisted. 4 pending assistance.	Monitoring visit on 3/22/06.	Contract progress. No Findings.	20
6/9/2006	Brewster County	1000186	OCC	Extension	Y	Status Report due 8/10/06	In Process	MOA approved by Texas Historical Commission. All 9 homes have completed environmental process.			9
5/4/2006	City of Dayton	1000352	OCC	AMFI Modification	Y	6/28/06	expected to be completed by contract	2 homes completed. 2 homes 80% complete. 3 homes to be started soon.			9
7/12/2006	City of Jonestown	1000277	OCC	Reduction in units (8 to 3) Waiver of $55,000 cap per unit 6 Month Extension	Y	Status Report due 8/10/06	In Process	Status to be reported at next board meeting.			3
6/9/2006	City of Nash	1000486	OCC	AMFI Modification Match Reduction	Y	Status Report due 8/10/06	In Process	Status to be reported at next board meeting.			9
5/4/2006	City of Ranger	1000272	OCC	Service Area Expanded Target Population Modified	Y	6/28/06	Will require 6 month extension to complete. Awaiting written request from the City.	2 homes in process. 2 homes pending environmental clearance. 17 applicants affected by wild fires currently being reviewed.			9
5/4/2006	Habitat for Humanity of North Central Texas	1000310	HBA	AMFI Modification	Y	6/21/06	In Process	10 households assisted. 2 households pending. 8 additional households expected to be assisted by contract end date.			20

6/26/2006	Laredo-Webb NHS	542040	HBA	Extension	Y	Status Report due 8/10/06	In Process	Status to be reported at next board meeting.	On-site Visit Scheduled for Week of July 17th.	Results of monitoring visit to be provided at July 28th meeting.	20
7/12/2006	Midland Habitat for Humanity	1000541	ADDI	AMFI Modification	Y	Status Report due 8/10/06	In Process	Status to be reported at next board meeting.			4
5/4/2006	Southern Rio Services	1000324	HBA	AMFI Modification	N	6/28/06	Expect to only assist 8 households. Contract will terminate on 9/30/06.	3 households assisted. 5 additional households expected to be assisted by contract end date.	TA visit on 6/7/06.	Expect to assist 8 households - 35 required. Contract will terminate on 9/30/06.	35
6/26/2006	Spectrum Housing	542037	TBRA	Match Reduction	Y	N/A	Contract Co	Contract Complete. $53,653.62 Balance Deobligated.	Desk review on 6/4/06.	Contract Complete. $53,653.62 Balance Deobligated.	53
5/4/2006	Webb County	1000038	OCC	Reduction in units (16 to 11) AMFI Modification	Y	7/3/06	Expect to be 100% complete by contract end date.	5 homes completed. 4 homes 60% complete. 2 homes <=30% complete.	On-site Visit Scheduled for Week of July 17th.	Results of monitoring visit to be provided at July 28th meeting.	11

Board Approval	Administrator	Contract Number	Units in Process	Completed Units (To Date)	Start Date	End Date	Extended End Date	Project Budget Amount	Project Committed Amount	Project Expended Amount	% Time Expired	% Committed	% Drawn Amount
5/4/2006	Affordable Caring Housing	1000341	14	0	10/1/04	3/31/07		$233,311	$69,476	$36,407	75%	30%	16%
5/4/2006	Affordable Caring Housing	1000342	27	11	10/1/04	3/31/07		$174,048	$113,141	$79,136	75%	65%	45%
6/9/2006	Brewster County	1000186	0	0	1/1/04	12/31/05	11/30/06	$500,000	$219,992	$0	90%	44%	0%
5/4/2006	City of Dayton	1000352	7	0	10/1/04	9/30/06		$500,000	$422,200	$187,810	94%	84%	38%
7/12/2006	City of Jonestown	1000277	3	0	10/1/04	9/30/06	9/30/06	$408,167	$165,000	$0	94%	40%	0%
6/9/2006	City of Nash	1000486	0	0	10/3/05	9/28/07		$492,463	$0	$0	44%	0%	0%
5/4/2006	City of Ranger	1000272	2	0	10/1/04	9/30/06		$495,000	$220,000	$0	94%	44%	0%
5/4/2006	Habitat for Humanity of North Central Texas	1000310	18	12	10/1/04	9/30/06		$100,000	$85,000	$70,000	94%	85%	70%

6/26/2006	Laredo-Webb NHS	542040	12	7	10/1/03	6/30/06	6/30/07	$300,000	$180,000	$105,000	77%	60%	35%
7/12/2006	Midland Habitat for Humanity	1000541	0	0	10/3/05	9/28/07		$40,000	$0	$0	44%	0%	0%
5/4/2006	Southern Rio Services	1000324	7	3	10/1/04	9/30/06		$350,000	$68,500	$38,000	94%	20%	11%
6/26/2006	Spectrum Housing	542037	73	74	8/15/03	3/31/06		$500,000	$449,651	$449,651	100%	90%	90%
5/4/2006	Webb County	1000038	0	0	9/1/03	8/31/05	8/31/06	$500,000	$102,154	$0	99%	20%	0%

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM
SNAPSHOT OF HOME PROGRAM PERFORMANCE
AUGUST 30, 2006

Background

The TDHCA Board requested a report item on HUD's SNAPSHOT of HOME Program Performance.

State of Texas SNAPSHOT Performance

Texas is currently ranked 39 out of 51 overall. A ranking of 39 seems low; however, the SNAPSHOT does not take into account the amount of funding received by each of the states (see attached spreadsheet). In 2006, Texas received the second highest allocation (approximately $41 Million), second only to California (approximately $56 Million). The State of New York is third highest with an allocation of $35 Million. Six other states received allocations greater than $20 Million. The remaining forty two (42) states receive less than $20 Million each. Twenty three (23) states actually receive less than $10 Million.

All the states with the larger allocations tend to have lower rankings on the SNAPSHOT. Of the ten states with the highest allocation, the highest ranking was 30th (Illinois). The states with the smaller allocations tend to have the higher rankings. The top three ranked states received only $4.3 M or less.

When Texas is compared to the 5 comparable states that received the highest amount of funding, Texas ranks 2nd, higher than Ohio ($28 Million) and Pennsylvania ($26 Million) who receive 35% less funding. When Texas is compared to the 10 states receiving the greatest amount of funding, Texas actually ranks 5th, ranking higher than 4 other states receiving significantly less funding.

SNAPSHOT of HOME Program Performance

HUD's IDIS Reporting System provides several reports to track status on HOME Grants. These reports provide information on commitments and draws for the different fund types (i.e., Non-CHDO funds, CHDO funds, Administration and CHDO Operating).

HUD also publishes a "SNAPSHOT" to monitor the performance of HOME funds and the ranking of all states. As noted on HUD's website:

> *The HOME Program Performance "SNAPSHOTs" are cumulative performance reports, which can be useful in tracking the HOME program progress or participating jurisdictions and in keeping constituents more fully informed of activities undertaken with HOME funds. The performance SNAPSHOT is an important tool in helping to evaluate the performance of participating jurisdictions by providing a context for accomplishments.*

Several caveats should be kept in mind when reviewing the SNAPSHOT information: Numbers alone, no matter how reliable, cannot fully describe performance in this or any other program. Therefore, these performance SNAPSHOTs are not intended to be the final word on the success or quality of a local or State HOME program. For example, the performance SNAPSHOT will not capture the size or complexity of development projects undertaken by participating jurisdictions and no additional credit is given to PJs that undertake these more difficult projects. Neither will it capture whether the PJ is out of compliance with HOME program requirements as identified through independent audits or HUD monitoring visits.

SNAPSHOT of HOME Program Performance as of June 2006
Comparison of Overall Ranking and Allocation Amount

State	Scorecard Rank	HOME FY06	Funding Rank
California	41	$55,932,660	1
Texas	39	40,636,419	2
New York	33	35,595,215	3
Ohio	48	27,659,974	4
Pennsylvania	46	26,035,029	5
Illinois	30	22,434,734	6
Georgia	31	22,177,761	7
Michigan	42	21,559,206	8
Florida	47	21,531,282	9
North Carolina	37	19,098,280	10
Kentucky	14	17,399,333	11
Puerto Rico	51	16,861,082	12
Tennessee	36	16,041,905	13
Alabama	25	15,937,765	14
Missouri	22	15,549,777	15
Indiana	9	15,482,872	16
Louisiana	45	14,787,939	17
Virginia	27	14,244,930	18
Mississippi	50	13,908,657	19
Massachusetts	5	13,756,394	20
Arkansas	49	12,746,933	21
Wisconsin	8	12,203,475	22
Connecticut	15	12,200,830	23
Oklahoma	38	11,723,043	24
Oregon	16	10,599,261	25
Washington	20	10,491,527	26
South Carolina	28	$10,401,785	27
Iowa	11	10,146,294	28
Minnesota	21	9,705,433	29
West Virginia	29	9,283,307	30
Colorado	32	8,314,773	31
Arizona	40	8,189,920	32
Kansas	18	7,736,644	33
New Mexico	23	7,529,238	34
Maryland	19	7,357,097	35
New Jersey	43	7,173,337	36
Maine	26	6,641,446	37
Idaho	3	5,670,569	38
Rhode Island	6	5,065,753	39
Nebraska	35	5,010,987	40
New Hampshire	12	4,741,113	41
Montana	3	4,340,864	42
Utah	44	3,783,080	43
Wyoming	17	3,501,621	44
South Dakota	7	3,500,804	45
Vermont	1	3,495,143	46
North Dakota	2	3,001,389	47
Nevada	10	3,001,389	48
Alaska	13	3,001,389	49
Hawaii	24	3,001,389	50
Delaware	34	3,001,389	51

SNAPSHOT of HOME Program Performance
as of June 2006
States with Largest Allocations

State	Scorecard Rank	Ranking by Allocation Amount	HOME FY06	Funding Rank
Illinois	30	1	$22,434,734	6
Georgia	31	2	22,177,761	7
New York	33	3	35,595,215	3
North Carolina	37	4	19,098,280	10
Texas	39	5	40,636,419	2
California	41	6	55,932,660	1
Michigan	42	7	21,559,206	8
Pennsylvania	46	8	26,035,029	5
Florida	47	9	21,531,282	9
Ohio	48	10	27,659,974	4